

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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RBI imposes monetary penalty on Nagarik Sahakari Bank Ltd., Babra, Gujarat

The Reserve Bank of India (RBI) has imposed, by an order dated September 18, 2023, a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on Nagarik Sahakari Bank Ltd., Babra, Gujarat (the bank) for contravention of Section 26 A (2) of the Banking Regulation Act, 1949 (BR Act) and RBI directions on 'Loans and advances to directors, relatives, firms/concerns in which they are interested', 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)' and '[Co-operative Banks - Interest Rate on Deposits](#)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 56 of the BR Act.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

Background

The statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2022, and examination of the Inspection Report, Risk Assessment Report and all correspondence related thereto, revealed, *inter alia*, that the bank (i) had not transferred eligible amount to Depositor Education and Awareness Fund, (ii) had sanctioned a credit facility to an individual where relative of one of the bank's directors stood as guarantor, (iii) had breached the prudential inter-bank gross exposure limit, (iv) had breached the prudential inter-bank counterparty exposure limit, and (v) had not paid interest on matured unpaid term deposits for the period they remained unclaimed with the bank. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the provisions of the BR Act and directions, as stated therein.

After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid provisions of the BR Act and RBI directions was substantiated and warranted imposition of monetary penalty.