



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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June 3, 2024

RBI imposes monetary penalty on The Bavla Nagarik Sahakari Bank Ltd., Dist. Ahmedabad, Gujarat

The Reserve Bank of India (RBI) has, by an order dated May 22, 2024, imposed a monetary penalty of ₹3.00 lakh (Rupees Three lakh only) on The Bavla Nagarik Sahakari Bank Ltd., Dist. Ahmedabad, Gujarat (the bank) for non-compliance with the directions issued by RBI on 'Loans and Advances to directors, relatives and firms/concerns in which they are Interested' read with 'Loans and Advances to directors etc. - directors as surety/guarantors – Clarification' and '[Master Direction - Know Your Customer \(KYC\) Direction, 2016](#)'. This penalty has been imposed in exercise of powers vested in RBI, conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank had (i) sanctioned/renewed loans wherein relatives of the bank's directors were interested and also sanctioned/renewed loans wherein relatives of the bank's directors stood as guarantors; and (ii) not carried out risk-based periodic updation of KYC as per prescribed periodicity.

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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

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(Puneet Pancholy)
Chief General Manager