



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 17, 2025

RBI imposes monetary penalty on Laxmibai Mahila Nagrik Sahakari Bank Maryadit, Gwalior, Madhya Pradesh

The Reserve Bank of India (RBI) has, by an order dated February 13, 2025, imposed a monetary penalty of ₹4.20 lakh (Rupees Four Lakh Twenty Thousand only), on Laxmibai Mahila Nagrik Sahakari Bank Maryadit, Gwalior, Madhya Pradesh, (the bank), for non-compliance with certain directions issued by RBI on 'Loans and advances to directors, their relatives, and firms/ concerns in which they are interested', and 'Priority Sector Lending (PSL) - Targets and classification', and specific directions issued by RBI on making contribution to Micro and Small Enterprises (MSE) Refinance Fund due to shortfall in achievement of PSL. This penalty has been imposed in exercise of powers conferred on RBI 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. Further, the bank was directed by RBI through specific directions to deposit a certain amount to MSE Refinance Fund administered by Small Industries Development Bank of India (SIDBI) against the shortfall in achievement of PSL target for the Financial Year (FY) 2022-23. On failure to deposit the specified amount, a cautionary letter was issued by RBI advising the bank to deposit the specified amount, but the bank failed to deposit the same.

Based on supervisory findings of non-compliance with the RBI directions observed during the statutory inspection, non-adherence with specific 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 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 director related loans; and
- (ii) failed to deposit the specified amount in the MSE Refinance Fund maintained with SIDBI against the shortfall in achievement of PSL target for FY 2022-23, even after the issuance of cautionary letter, within the prescribed time.

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.

Press Release: 2024-2025/2186

(Puneet Pancholy)
Chief General Manager