



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 21, 2024

RBI imposes monetary penalty on The Karjan Nagarik Sahakari Bank Limited, Karjan, Dist. Vadodara, Gujarat

The Reserve Bank of India (RBI) has, by an order dated November 15, 2024, imposed a monetary penalty of ₹2.10 lakh (Rupees Two Lakh Ten Thousand only) on The Karjan Nagarik Sahakari Bank Limited, Karjan, Dist. Vadodara, Gujarat (the bank) for contravention of provisions of sections 18 and 26A read with section 56 of the Banking Regulation Act, 1949 (BR Act) and non-compliance with certain directions issued by RBI on 'Membership of Credit Information Companies (CICs) by Co-operative Banks', 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)' and 'Know Your Customer (KYC) norms'. 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 and section 25 of the Credit Information Companies (Regulation) Act, 2005.

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 contravention of statutory provisions/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 provisions of the Banking Regulation Act, 1949 and RBI directions.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank had failed to:

- i) transfer eligible unclaimed amounts to the Depositor Education and Awareness Fund within the prescribed time;
- ii) maintain the minimum Cash Reserve Ratio for certain days during the financial year 2021-22;
- iii) submit credit information of its borrowers to any of the four CICs as on March 31, 2023;
- iv) adhere to the prudential inter-bank counterparty exposure limit and

- v) carry out risk-based periodic updation of KYC of certain customers as per the 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