April 22, 2024

RBI imposes monetary penalty on The Panvel Co-operative Urban Bank Ltd., Raigad, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated April 01, 2024, imposed a monetary penalty of ₹1.00 lakh (Rupees One lakh only) on The Panvel Co-operative Urban Bank Ltd., Raigad, Maharashtra (the bank) for non-compliance with directions issued under 'Supervisory Action Framework' (SAF) for Primary (Urban) Co-operative Banks (UCBs)'. This penalty has been imposed in exercise of powers vested in RBI, conferred under 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, RBI found, *inter alia*, that the charge of sanctioning fresh loans carrying risk weight more than 100% in violation of specific directions issued under SAF was sustained, warranting imposition of monetary penalty.

This action is based on the 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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(Yogesh Dayal)
Chief General Manager