



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 04, 2024

RBI imposes monetary penalty on The Sankheda Nagarik Sahakari Bank Limited, Sankheda, Dist. Chhotaudepur, Gujarat

The Reserve Bank of India (RBI) has, by an order dated December 07, 2023, imposed a monetary penalty of ₹5.00 lakh (Rupees Five lakh only) on The Sankheda Nagarik Sahakari Bank Limited, Sankheda, Dist. Chhotaudepur, Gujarat (the bank) for non-compliance with directions issued by RBI on 'Loans and advances to directors, relatives and firms/concerns in which they are interested' read with RBI directions on 'Loans and Advances to directors etc. - directors as surety/guarantors – Clarification' and 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)'. This penalty has been imposed in exercise of powers conferred on RBI under Section 47A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

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 had (i) sanctioned loans where relatives of directors of the bank stood as guarantors; and (ii) breached the prescribed inter-bank gross exposure limit as well as the prudential inter-bank counterparty exposure limit. Consequently, 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 said 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 RBI directions was substantiated and warranted imposition of monetary penalty on the bank.