



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort,
Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

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**RBI imposes monetary penalty on Navsarjan Industrial Co-operative Bank Ltd.,
Ankleshwar, dist. Bharuch, Gujarat**

The Reserve Bank of India (RBI) has, by an order dated December 14, 2023 imposed a monetary penalty of ₹7.00 lakh (Rupees Seven lakh only) on Navsarjan Industrial Co-operative Bank Ltd., Ankleshwar, dist. Bharuch, Gujarat (the bank) for non-compliance with the directions issued by RBI on 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)', '[Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#)' and contravention of 'Section 26A (2) read with Section 56 of the Banking Regulation Act, 1949 (BR Act)'. 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 BR Act.

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) breached inter-bank gross and counterparty exposure limits, (ii) not carried out review of risk categorization of accounts as per prescribed periodicity, and (iii) not transferred eligible amount to Depositor Education and Awareness Fund. 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 and provisions of the BR Act, 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 and provisions of the BR Act was substantiated and warranted imposition of monetary penalty on the bank.