



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 08, 2024

RBI imposes monetary penalty on The Nakodar Hindu Urban Cooperative Bank Ltd., Nakodar, Dist. Jalandhar, Punjab

The Reserve Bank of India (RBI) has imposed, by an order dated February 03, 2024, a monetary penalty of ₹6.00 lakh (Rupees Six lakh only) on The Nakodar Hindu Urban Cooperative Bank Ltd., Nakodar (the bank) for non-compliance with the directions issued by RBI on Income Recognition, Asset Classification, Provisioning and Other Related Matters (IRAC Norms) and specific directions issued by RBI under Supervisory Action Framework (SAF). 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.

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) failed to adhere to IRAC norms, and (ii) paid dividend, sanctioned/renewed loans exceeding 50% of applicable regulatory limit for single borrower exposure, incurred capital expenditure exceeding the prescribed limit and incurred operating expenditure by granting gifts, in violation of specific directions issued under SAF. 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 aforesaid charge of non-compliance with the RBI directions was substantiated and warranted imposition of monetary penalty on the bank.