



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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February 26, 2026

## RBI imposes monetary penalty on The Mahbubnagar District Co-operative Central Bank Ltd., Telangana

The Reserve Bank of India (RBI) has, by an order dated February 23, 2026, imposed a monetary penalty of ₹1 lakh (Rupees One Lakh only) on The Mahbubnagar District Co-operative Central Bank Ltd., Telangana (the bank) for contravention of provisions of Section 20 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.

The statutory inspection of the bank was conducted by National Bank for Agriculture and Rural Development (NABARD) with reference to its financial position as on March 31, 2025. Based on supervisory findings of contravention of statutory provisions 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. After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI found, *inter alia*, that the following charge against the bank was sustained, warranting imposition of monetary penalty:

The bank had sanctioned director related loan.

This action is based on deficiencies in statutory 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.

Press Release: 2025-2026/2178

(Brij Raj)  
Chief General Manager