May 12, 2016

RBI imposes penalty on Jalgaon District Co-operative Bank Ltd., Jalgaon, Maharashtra

The Reserve Bank of India has imposed a monetary penalty of ₹ 2.00 lakh (₹ Two Lakh only) on Jalgaon District Co-operative Bank Ltd. in exercise of the powers vested in it under the provisions of Section 47A(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies), for violation of the provisions of Section 20 A of the B.R. Act, 1949 (AACS) relating to remission of debt due to the bank by Jalgaon Starch Factory in which the then directors of the bank had interest, without obtaining prior permission from RBI.

The Reserve Bank of India had issued a show cause notice to the bank in response to which the bank submitted a written reply. After considering the facts of the case and the bank’s reply in the matter, the Reserve Bank came to the conclusion that the violation was substantiated and warranted imposition of penalty.

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Press Release: 2015-2016/2645