



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

इ-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

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संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022 2261 0835 फैक्स/Fax: 91 22 22660358

## **Reserve Bank of India imposes monetary penalty on The Nainital Bank Limited**

The Reserve Bank of India (RBI) has, by an order dated May 06, 2019, imposed a monetary penalty of ₹10 million on The Nainital Bank Limited (the bank) for its failure to fully automate NPA identification process despite specific direction issued by RBI in this regard. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid direction issued by RBI. This action is based on the 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**

Based on the statutory inspection of the bank with reference to its financial position as on March 31, 2016, a specific direction was issued to the bank to fully automate its NPA identification process within a specific timeframe. The direction was re-iterated in the statutory inspection report of the bank with reference to its financial position as on March 31, 2017 and the timeframe was extended. However, the bank failed to comply with the aforesaid direction and a Notice (SCN) was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the direction. After considering the reply received from the bank and submissions made during the personal hearing, RBI decided to impose monetary penalty on the bank.