



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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August 26, 2024

RBI imposes monetary penalty on The Valsad Mahila Nagarik Sahakari Bank Ltd., Dist. Valsad, Gujarat

The Reserve Bank of India (RBI) has, by an order dated August 14, 2024, imposed a monetary penalty of ₹1.25 lakh (Rupees One lakh twenty five thousand only) on The Valsad Mahila Nagarik Sahakari Bank Ltd., Valsad, Gujarat (the bank) for non-compliance with certain directions issued by RBI on 'Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs', 'Membership of Credit Information Companies (CICs) by Co-operative Banks', 'Know Your Customer (KYC) norms' and 'Maintenance of Deposit Accounts – Primary (Urban) Co-operative Banks'. This penalty has been imposed in exercise of powers conferred on RBI under section 47A (1) (c) read with sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949 and section 25 of the Credit Information Companies (Regulation) Act, 2005.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with RBI directions 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 instructions. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, inter alia, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank had (i) failed to classify certain loan accounts as non-performing asset in terms of Income recognition, Asset classification and Provisioning norms; (ii) failed to submit data (including historic data) to three CICs as on March 31, 2023; (iii) failed to carry out risk-based periodic updation of KYC of its customers as per the prescribed periodicity; (iv) failed to classify accounts as inoperative/dormant where no customer induced transaction occurred for a period of over two years.

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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.