



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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June 20, 2022

**RBI imposes monetary penalty on Pragati Mahila Nagrik Sahakari Bank
Maryadit, Bhilai (C.G)**

The Reserve Bank of India (RBI) has imposed, by an order dated June 16, 2022, a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on Pragati Mahila Nagrik Sahakari Bank Maryadit, Bhilai, Chhattisgarh (the bank) for contravention of/ non-adherence with the Directions issued by RBI to Urban Co-operative Banks on Loans and advances to Directors etc. – Directors as surety/guarantors - Clarification and Know Your Customer (KYC). This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46(4)(i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

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 inspection report of the bank based on its financial position as on March 31, 2020, revealed, *inter alia*, that the bank had (i) granted loans based on guarantee given by relative of Directors and (ii) not carried out periodic updation of KYC as per prescribed periodicity, in contravention/non-compliance with the aforesaid directions issued by RBI. Based on the same, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the directions.

After considering the bank's replies and oral submissions made during personal hearing, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager