

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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RBI imposes monetary penalty on The Jalgaon People's Co-operative Bank Ltd., Jalgaon

The Reserve Bank of India (RBI) has, by an order dated September 20, 2022, imposed a monetary penalty of ₹50.00 lakh (Rupees Fifty Lakh only) on The Jalgaon People's Co-operative Bank Ltd., Jalgaon, Maharashtra (the bank) for non-compliance with the directions issued by RBI on 'Income Recognition, Asset Classification, Provisioning and Other Related Matters' (IRAC norms), 'Maintenance of Deposit Accounts' and 'Interest Rate on Deposits'. This penalty has been imposed in exercise of powers vested in RBI conferred under section 47A(1)(c) read with sections 46(4)(i) and 56 of Banking Regulation Act, 1949 (BR Act).

This action is based on deficiency 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 statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2020, and examination of the Risk Assessment Report, Inspection report and all related correspondence pertaining to the same, revealed, *inter alia*, that the bank (i) did not classify certain accounts as non-performing assets in accordance with the IRAC norms, (ii) levied penal charges for non-maintenance of minimum balances in SB accounts without notifying the customers and without providing one month time for restoration of minimum balances in the accounts, and (iii) did not pay interest on balance amounts lying in current accounts of deceased individual depositors/ sole proprietorship concerns while making payments to the claimants. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed for contravention of the RBI directions, as stated therein.

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