



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 16, 2010

Cosmos Co-operative Bank Ltd., Pune, Maharashtra – Penalised

The Reserve Bank of India has imposed a monetary penalty of ₹ 5.00 lakh (Rupees Five Lakh only) on Cosmos Co-operative Bank Ltd., Pune, Maharashtra, in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (as applicable to co-operative societies), for violation of instructions/guidelines of the Reserve Bank of India.

The bank had violated Reserve Bank of India directives by sanctioning loans to directors, their relatives and firms in which directors or their relatives are interested. The bank has violated instructions by not publishing the correct amount of loans outstanding in the names of directors/relatives/firms in which they are interested in the 'notes on account' to the balance sheet in the successive annual reports during 2004 to 2009.

The bank had not furnished correct information in the quarterly control returns submitted to RBI during the period 2004 to 2009. None of the 43 loans sanctioned in violation of directives were reflected in the OSS data submitted to Reserve Bank of India.

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

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Ajit Prasad
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