


**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**
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March 27, 2023

RBI imposes monetary penalty on Mehsana District Central Co-operative Bank Ltd., Mehsana (Gujarat)

The Reserve Bank of India (RBI) has, by an order dated March 24, 2023, imposed a monetary penalty of ₹2.10 lakh (Rupees two lakh ten thousand only) on Mehsana District Central Co-operative Bank Ltd., Mehsana (Gujarat) (the bank) for contravention of/non-compliance with certain provisions of directions issued by RBI contained in the [Reserve Bank of India – \(Know Your Customer \(KYC\)\) Direction, 2016](#), and RBI directions on 'Membership of Credit Information Companies (CICs) by 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 (1) (iii) read with section 23 (4) of the Credit Information Companies (Regulation) Act, 2005.

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 statutory inspection of the bank conducted by National Bank for Agriculture and Rural Development (NABARD) with reference to the bank's financial position as on March 31, 2022, and examination of the Inspection Report pertaining thereto and all related correspondence pertaining to the same revealed, inter alia, that the bank did not (i) have system to review risk categorization and periodic updation of KYC documents of existing customers; (ii) submit data (including historic data) to three CICs as on March 31, 2022 resulting in contravention of aforesaid directions issued by RBI. 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 aforesaid directions issued by RBI.

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