प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
वेबसाइट : www.rbi.org.in/hindi
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August 24, 2026

RBI imposes monetary penalty on The Pragathi Co-operative Bank Limited, Karnataka

The Reserve Bank of India (RBI) has, by an order dated August 20, 2026, imposed a monetary penalty of ₹2 lakh (Rupees Two Lakh only) on The Pragathi Co-operative Bank Limited, Karnataka (the bank) for contravention of provisions of section 20 read with section 56 of the Banking Regulation Act, 1949 (BR Act) and non-compliance with certain directions issued by RBI on ‘Loans and advances to directors, their relatives, and firms / concerns in which they are interested’, ‘Exposure Norms and Statutory / Other Restrictions – UCBs’ and ‘Classification, Valuation and Operation of Investment Portfolio of Primary (Urban) Co-operative Banks’. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 56 of the BR Act.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2025. Based on supervisory findings of contravention of statutory provisions / 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 said provisions and directions. After considering the bank’s reply to the notice and oral submissions made during the personal hearing, RBI found, *inter alia,* that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank had:

i. sanctioned director related loans;
ii. breached the prescribed regulatory limit for single borrower exposure; and
iii. breached the prudential inter-bank (gross) exposure limit and inter-bank counter-party limit.

This action is based on deficiencies in statutory and 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.

(Brij Raj)
Chief General Manager

Press Release: 2026-2027/956