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RBI Imposes Restrictions on Nagar Sahakari Bank Ltd., Etawah

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The Reserve Bank of India has imposed several restrictions on Nagar Sahakari Bank Ltd. due to supervisory concerns and the bank's weak liquidity position. The directions came into effect from 18 May 2026 and will remain in force for six months.?

Key Restrictions Imposed by RBI

The bank cannot:

Grant or renew loans and advances

Make investments

Borrow funds

Accept fresh deposits

Incur liabilities without prior RBI approval

Depositors can withdraw a maximum of ₹10,000 from their accounts during the restriction period.

The bank is allowed to spend on essential expenses such as:

Employee salaries

Rent

Electricity bills

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RBI stated that the action was taken to protect depositors' interests and maintain financial stability.

About Urban Cooperative Banks (UCBs):

Urban Cooperative Banks operate in urban and semi-urban areas.

They are registered under:

State Cooperative Societies Acts, or

Multi-State Cooperative Societies Act

Banking regulation and supervision of UCBs is carried out by RBI under the:

Banking Regulation Act, 1949

RBI's Powers Over Cooperative Banks

RBI can:

Impose operational restrictions

Limit withdrawals

Cancel licences

Merge weak banks with stronger entities

Impose monetary penalties for non-compliance

Deposit Insurance in India

Deposits in banks are insured up to ₹5 lakh per depositor.

Insurance is provided by:

Deposit Insurance and Credit Guarantee Corporation (DICGC)

DICGC is a wholly owned subsidiary of RBI.

Recent Related Development

Earlier in March 2026, RBI had imposed a monetary penalty of ₹3 lakh on Nagar Sahakari Bank Ltd., Etawah for violation of RBI directions related to loans and advances.