

PRESS RELEASE



RESERVE BANK OF INDIA

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RBI penalises Tamilnad Mercantile Bank

The Reserve Bank of India has, in exercise of powers vested in it under the provisions of Section 47A(1)(b) of the Banking Regulation Act, 1949, imposed a penalty of Rs. 5.00 Lakh (Rupees Five Lakh only) on the Tamilnad Mercantile Bank Ltd. The penalty has been levied for violation of RBI regulations in not ensuring end-use of bank's funds lent to various borrowers which was also facilitated by not ensuring diligent compliance with know your customer (KYC) norms in opening the accounts.

The Reserve Bank had issued a show cause notice to the bank. In response to its show cause notice, the bank submitted a written reply. On a careful examination of the bank's reply, the Reserve Bank found that as the violations were conclusively established, the penalty was accordingly imposed.

**Ajit Prasad
Manager**

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