



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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December 31, 2010

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Bombay Mercantile Co-operative Bank Ltd., Mumbai, Maharashtra – Penalised

The Reserve Bank of India has imposed a monetary penalty of ₹ 5.00 lakh (Rupees Five lakh only) on Bombay Mercantile Co-operative Bank Ltd., Mumbai, 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 (AACS) for violation of instructions/guidelines of the Reserve Bank of India. The bank had violated the group exposure norms prescribed by RBI on June 21, 2005 by sanctioning 21 loans aggregating ₹ 96.20 crore to Shah group of companies between November 17, 2008 and July 18, 2009, as against permitted ceiling of ₹14.11 crore.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts 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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R.R. Sinha
Deputy General Manager