



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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**RBI imposes monetary penalty on Gujarat Mercantile Co-operative Bank Ltd.,  
Ahmedabad, Gujarat**

The Reserve Bank of India (RBI) has imposed, by an order dated September 18, 2023, a monetary penalty of ₹4.50 lakh (Rupees Four lakh Fifty thousand only) on Gujarat Mercantile Co-operative Bank Ltd., Ahmedabad, Gujarat (the bank) for non-compliance with the directions issued by RBI on 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)' and 'Maintenance of Cash Reserve Ratio (CRR)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949.

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 RBI with reference to its financial position as on March 31, 2022, and examination of the Inspection Report, Risk Assessment Report and all correspondence related thereto, revealed, *inter alia*, that the bank had (i) breached the prudential inter-bank gross exposure limit, (ii) breached the prudential inter-bank counterparty exposure limit, and (iii) not maintained minimum Cash Reserve Ratio (CRR) for certain days. 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 on it for failure to comply with the directions, as stated therein.

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