



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

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November 28, 2022

**RBI imposes monetary penalty on Indian Mercantile Co-operative Bank Ltd.,  
Lucknow**

The Reserve Bank of India (RBI) has, by an order dated November 24, 2022, imposed a monetary penalty of ₹20.00 lakh (Rupees twenty lakh only) on Indian Mercantile Co-operative Bank Ltd., Lucknow, Uttar Pradesh (the bank) for non-compliance with the directions issued by RBI on 'Income Recognition, Asset Classification, Provisioning and Other Related Matters' (IRAC norms). This penalty has been imposed in exercise of powers vested in RBI conferred under section 47A(1)(c) read with sections 46(4)(i) and 56 of Banking Regulation Act, 1949 (BR Act).

This action is based on deficiency 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, 2020, and examination of the Risk Assessment Report, Inspection report and all related correspondence pertaining to the same, revealed, *inter alia*, that the bank did not classify certain loan accounts as non-performing assets in accordance with the IRAC norms. 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 for contravention of the RBI directions, as stated therein.

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