



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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December 09, 2024

**RBI imposes monetary penalty on The Halol Mercantile Co-operative Bank Ltd.,
Dist. Panchmahal, Gujarat**

The Reserve Bank of India (RBI) has, by an order dated December 04, 2024, imposed a monetary penalty of ₹1.00 lakh (Rupees One Lakh only) on The Halol Mercantile Co-operative Bank Ltd., Dist. Panchmahal, Gujarat (the bank) for non-compliance with certain directions issued by RBI on 'Donations to Trusts and Institutions where Directors, their relatives hold position or are interested' and 'Loans and advances to directors, their relatives, and firms / concerns in which they are interested'. This penalty has been imposed in exercise of powers conferred on RBI, under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank had:

- (i) donated certain amount to a trust in which the bank's director was interested;
and
- (ii) sanctioned a loan wherein relative of the bank's director stood as a guarantor.

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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.