

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Fort, Mumbai-400001

फोन/Phone: 022- 22660502

March 07, 2022

**Reserve Bank of India imposes monetary penalty on Shree Mahalaxmi  
Mercantile Co-operative Bank Ltd., Vadodara (Gujarat)**

The Reserve Bank of India (RBI) has, by an order dated March 04, 2022, imposed a monetary penalty of ₹2.00 lakh (Rupees two lakh only) on Shree Mahalaxmi Mercantile Co-operative Bank Ltd., Vadodara (Gujarat) (the bank) for contravention of directions issued by RBI on '[Loans and advances to directors, relatives and firms / concerns in which they are interested](#)', and non-compliance with specific directions dated December 07, 2017 issued by RBI under the Supervisory Action Framework (SAF). This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

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 the RBI with reference to the bank's financial position as on March 31, 2019, the Inspection Report pertaining thereto and examination of all related correspondence revealed, inter alia, that the bank had extended credit facilities to a firm in which one of its directors was interested and also to firms in which its directors' relatives were interested, and that the bank had breached reduced single-party exposure limit stipulated under SAF directions in certain loan accounts of its customers, resulting in contravention of aforesaid directions issued by RBI. 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 aforesaid directions issued by the RBI.

After considering the bank's reply to the notice and oral submissions made during the personal hearing, the RBI came to the conclusion that the aforesaid charges were substantiated and warranted imposition of monetary penalty.