



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

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March 21, 2022

**Reserve Bank of India imposes monetary penalty on Adarsh Mahila Mercantile Co-operative Bank Ltd., Muzaffarnagar (U.P.)**

The Reserve Bank of India (RBI) has imposed, by an order dated March 16, 2022, a monetary penalty of ₹1.00 lakh (Rupees One Lakh only) on the Adarsh Mahila Mercantile Co-operative Bank Ltd., Muzaffarnagar (the bank) for contravention of directions on sanction of loans to Directors/ entities in which they are interested. 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.

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 inspection report of the bank based on its financial position as on March 31, 2020, revealed, inter alia, contravention of Section 35A read with Section 56 of the Banking Regulation Act, 1949, as the bank had failed to adhere to the directions on 'Board of Directors-UCB' in relation to director related loans. Based on 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 RBI directions and the said sections of the Banking Regulation Act, 1949.

After considering the bank's reply and oral submission made during the personal hearing, RBI came to the conclusion that the aforesaid charges of non-adherence / violation of Section 35 A read with Section 56 of the Banking Regulation Act, 1949 were substantiated and warranted imposition of monetary penalty.