



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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June 18, 2021

RBI imposes monetary penalty on Municipal Co-operative Bank Limited, Mumbai

The Reserve Bank of India (RBI) has imposed, by an order dated June 18, 2021, a monetary penalty of ₹2 lakh (Rupees Two lakh only) on Municipal Co-operative Bank Limited, Mumbai (the bank) for non-compliance with the directions issued by RBI on Maintenance of Deposit Accounts- Primary (Urban) Co-operative Banks. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(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.

The 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, 2019, revealed that the bank had not conducted annual review of inoperative accounts and there had also been fraud pertaining to inoperative accounts. 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 non-compliance with the directions.

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

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(Yogesh Dayal)
Chief General Manager