

**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)

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July 11, 2022

**RBI imposes monetary penalty on The Nasik Merchant's Co-operative Bank Ltd., Nashik**

The Reserve Bank of India (RBI) has, by an order dated July 07, 2022, imposed a monetary penalty of ₹50.00 lakh (Rupees fifty lakh only) on The Nasik Merchant's Co-operative Bank Ltd., Nashik (the bank) for non-compliance with the directions issued by RBI on 'Placement of deposits with other banks' and 'Interest Rate on Deposits'. This penalty has been imposed in exercise of powers vested in RBI conferred under section 47 A (1) (c) read with sections 46 (4) (i) and 56 of Banking Regulation Act, 1949 (BR Act), taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

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 inspections of the bank conducted by RBI with reference to its financial position as on March 31, 2019 and March 31, 2020, and examination of the Inspection Report, the Risk Assessment Report and all related correspondence pertaining to the same, revealed, *inter alia*, non-compliance with the aforesaid directions issued by RBI to the extent the bank (i) despite being ineligible to do so, continued to accept fresh deposits in existing accounts of other non-scheduled UCBs, did not phase out completely such inter-bank deposits by March 31, 2020, and also opened a new current account of a non-scheduled UCB and accepted deposits therein, and (ii) failed to pay applicable interest on deposits lying in the current accounts of deceased individual depositors/ sole proprietorship concerns from the date of death of account holders to the date of settlement of claims. 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 and oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with the aforesaid directions was substantiated and warranted imposition of monetary penalty, to the extent of non-compliance with such directions.