

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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**RBI imposes monetary penalty on The Mehsana Urban
Co-operative Bank Ltd., Mehsana, Gujarat**

The Reserve Bank of India (RBI) has, by an order dated August 01, 2022, imposed a monetary penalty of ₹40.00 lakh (Rupees forty lakh only) on The Mehsana Urban Co-operative Bank Ltd., Mehsana, Gujarat (the bank) for non-compliance with certain provisions of the Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016. 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 the 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 inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2019, and examination of the Risk Assessment Report and all related correspondence pertaining to the same, revealed, *inter alia*, that the bank had failed to pay interest on (i) term deposits which had matured on Sundays/holidays/non-business working days and were repaid on the next working day, for the intervening days(ii) balance amount lying in current accounts of deceased individual depositors/proprietorship concerns, from the date of their death to the date of repayment to their claimants, and (iii) term deposits which remained unclaimed after maturity, for the period after maturity, while making repayment of those deposits. 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 non-compliance with the RBI directions, as stated therein.

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