



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## Reserve Bank of India imposes monetary penalty on The Kosamba Mercantile Co-operative Bank Ltd., Kosamba, Dist. Surat (Gujarat)

The Reserve Bank of India (RBI) has, by an order dated September 02, 2021, imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on The Kosamba Mercantile Co-operative Bank Ltd., Kosamba, Dist. Surat (Gujarat) (the bank) for non-compliance with directions issued by RBI contained in the [Circular on 'Loans and advances to directors, relatives and firms / concerns in which they are interested' dated April 29, 2003](#). This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) and 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 statutory inspection of the bank conducted by 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 sanctioned loans to relatives of a director resulting in non-compliance with 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 non-compliance with the aforesaid directions issued by RBI.

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 RBI direction was substantiated and warranted imposition of monetary penalty.