



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 03, 2021

RBI imposes monetary penalty on Bombay Mercantile Co-operative Bank Ltd., Mumbai

The Reserve Bank of India (RBI) has, by an order dated September 02, 2021, imposed a monetary penalty of ₹50 lakh (Rupees fifty lakh only) on Bombay Mercantile Co-operative Bank Ltd., Mumbai (the bank) for non-compliance with directions issued by RBI contained in in the Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 and specific directions dated March 05, 2018 and April 11, 2018 issued by RBI under the Supervisory Action Framework (SAF). 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, taking into account 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 the 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 offered Interest rates on NRE deposits higher than those offered by it on comparable domestic rupee term deposits and had sanctioned unsecured advances, 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 contravention of the directions issued by RBI.

After considering the bank's reply to the notice and oral submissions made in 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.