



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 12, 2022

RBI imposes monetary penalty on G S Mahanagar Co-operative Bank Limited, Mumbai

The Reserve Bank of India (RBI) has, by an order dated September 08, 2022, imposed a monetary penalty of ₹25.00 lakh (Rupees Twenty-five lakh only) on G S Mahanagar Co-operative Bank Limited, Mumbai, Maharashtra (the bank) for non-compliance with the directions issued by RBI on 'Maintenance of Deposit Accounts'. 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).

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, 2020, and examination of the Risk Assessment Report and all related correspondence pertaining to the same, revealed, *inter alia*, that the bank had levied penal charges for non-maintenance of minimum balance in savings bank accounts without notice to the customers and without providing one month time for restoration of the minimum balance in the accounts. 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, the additional submissions made by it and the oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty.