



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 26, 2022

**RBI imposes monetary penalty on Shree Botad Mercantile
Co-operative Bank Ltd., Botad (Gujarat)**

The Reserve Bank of India (RBI) has imposed, by an order dated September 22, 2022, a monetary penalty of ₹0.25 lakh (Rupees Twenty Five Thousand only) on Shree Botad Mercantile Co-operative Bank Ltd., Botad (Gujarat) (the bank) for contravention of directions issued by RBI on '[Loans and advances to directors etc- directors as surety/guarantors- Clarification](#)'. This penalty has been imposed in exercise of powers vested in the RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

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 inspection of the bank based on its financial position as on March 31, 2021, revealed, that the bank had sanctioned credit facility to individuals where relatives of the bank's directors stood as guarantor, resulting in contravention of aforesaid directions issued by RBI. Based on 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 directions issued by RBI.

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

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(Yogesh Dayal)
Chief General Manager