



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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February 22, 2024

**RBI imposes monetary penalty on Transport Co-operative Bank Ltd., Indore, Madhya Pradesh**

The Reserve Bank of India (RBI) has, by an order dated February 14, 2024, imposed a monetary penalty of ₹1.00 lakh (Rupees One lakh only) on Transport Co-operative Bank Ltd., Indore, Madhya Pradesh (the bank) for non-compliance with the directions issued by RBI on 'Loans and Advances to directors, relatives and firms/concerns in which they are Interested' read with 'Loans and Advances to Directors etc. - Directors as surety/guarantors – Clarification' and on 'Investments by Primary (Urban) Co-operative Banks'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47A(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 its financial position as on March 31, 2022, and examination of the Risk Assessment Report and all correspondence related thereto revealed, *inter alia*, that the bank had (i) sanctioned director related loans and a loan where relative of the director of the bank stood as guarantor, and (ii) breached prudential inter-bank (gross) exposure limit. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for non-compliance with RBI directions, as stated therein.

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

Press Release: 2023-2024/1917

**(Shweta Sharma)**  
Deputy General Manager