



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

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November 20, 2023

**RBI imposes monetary penalty on The Mehsana Urban Co-operative Bank Ltd., Mehsana**

The Reserve Bank of India (RBI) has, by an order dated November 03, 2023, imposed a monetary penalty of ₹15 lakh (Rupees Fifteen lakh only) on The Mehsana Urban Co-operative Bank Ltd., Mehsana (the bank) for non-compliance with the directions issued by RBI on 'Interest Rate on Deposits'. This penalty has been imposed in exercise of powers conferred on the RBI by Section 47-A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

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, 2021, and examination of the Risk Assessment Report, Inspection Report and all related correspondence pertaining to the same, revealed, *inter alia*, that the bank had opened Savings Bank accounts of ineligible trusts, whose entire income were not exempted from payment of income-tax under the Income-tax Act, 1961. Consequently, 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 RBI directions, as stated therein.

After considering the bank's reply to the notice, the additional submissions made by it and 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.

**(Yogesh Dayal)**  
Chief General Manager

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