



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 08, 2024

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

The Reserve Bank of India (RBI) has, by an order dated February 6, 2024, imposed a monetary penalty of ₹63.30 lakh (Rupees Sixty-Three Lakh and Thirty Thousand only) on Bombay Mercantile Co-operative Bank Ltd. (the bank) for non-compliance with the directions issued by RBI on 'Exposure Norms and Statutory / Other Restrictions – UCBs', 'Gold Loan – Bullet Repayment - UCBs' and 'Unclaimed Deposits and Inoperative/ Dormant Accounts in UCBs'. This penalty has been imposed in exercise of powers conferred on RBI under section 47A(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 inspections of the bank conducted by RBI with reference to its financial position as on March 31, 2021 and March 31, 2022, and examination of the Risk Assessment Reports, Inspection Reports and all correspondence related thereto revealed, *inter alia*, that the bank had (i) sanctioned and disbursed loans to nominal members exceeding the regulatory ceiling of ₹1.00 lakh, (ii) sanctioned and disbursed gold loans with bullet repayment option, exceeding the regulatory ceiling of ₹2.00 lakh, and (iii) recovered charges for activation of inoperative accounts, claiming it to be reimbursement of expenses for such activation. 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 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 on the bank.