

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

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October 03, 2023

**RBI imposes monetary penalty on Dhanera Mercantile Co-operative Bank Ltd.,  
Dhanera, Gujarat**

The Reserve Bank of India (RBI) has imposed, by an order dated August 31, 2023, a monetary penalty of ₹6.50 lakh (Rupees Six Lakh Fifty Thousand only) on Dhanera Mercantile Co-operative Bank Ltd., Dhanera, Gujarat (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'; 'Loans and advances to directors etc. – directors as surety / guarantors – clarification' and on 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (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 was conducted by RBI with reference to its financial position as on March 31, 2022, and examination of the Inspection Report, Risk Assessment Report and all correspondence related thereto revealed, *inter alia*, that the bank had (i) sanctioned credit facilities to its directors / their relatives and also wherein their relative stood as guarantor, (ii) breached prudential inter-bank (gross) exposure limit, and (iii) breached prudential inter-bank counter-party exposure limit. 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 on it for failure to comply with the directions, as stated therein.

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