



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 25, 2019

Reserve Bank of India imposes monetary penalty on Tamilnad Mercantile Bank Ltd.

The Reserve Bank of India (RBI) has, by an order dated October 24, 2019, imposed monetary penalty of ₹35 lakh (Rupees Thirty Five Lakh) on Tamilnad Mercantile Bank Ltd. (the bank) for non-compliance with certain provisions of directions issued by RBI on “Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) directions 2016”. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949.

This action is based on the 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 with reference to its financial position as on March 31, 2017 revealed, *inter alia*, non-compliance with directions issued by RBI on “Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) directions 2016”. Based on the inspection report, a notice was issued to the bank to show cause as to why penalty should not be imposed for non-compliance with the directions. After considering the bank’s reply to the notice and oral submissions made in the personal hearing, RBI concluded that the aforesaid non-compliance warranted imposition of monetary penalty.

Press Release: 2019-2020/1038

(Yogesh Dayal)
Chief General Manager