

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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October 16, 2023

RBI imposes monetary penalty on Makarpura Industrial Estate Co-operative Bank Ltd., Dist. Vadodara, Gujarat

The Reserve Bank of India (RBI) has imposed, by an order dated September 18, 2023, a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on Makarpura Industrial Estate Co-operative Bank Ltd., Dist. Vadodara, Gujarat (the bank) for contravention of Section 26A (2) of the Banking Regulation Act, 1949 (BR Act) and RBI directions on 'Loans and advances to directors, relatives, firms/concerns in which they are interested'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 56 of the BR Act.

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 Inspection Report, Risk Assessment Report and all correspondence related thereto, revealed, *inter alia*, that the bank had (i) not transferred eligible amount to Depositor Education and Awareness Fund, and (ii) sanctioned a loan wherein a relative of the director of the bank stood as guarantor. 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 provisions of the BR Act and directions, as stated therein.

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