



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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January 13, 2021

## Reserve Bank of India imposes monetary penalty on The Mandvi Mercantile Co-operative Bank Ltd., Mandvi, Dist. Kutch (Gujarat)

The Reserve Bank of India (RBI) has imposed, by an order dated January 13, 2021, a monetary penalty of ₹1 lakh on The Mandvi Mercantile Co-operative Bank Ltd., Mandvi, Dist. Kutch (Gujarat) (the bank) for contravention of RBI directions on '[Loans and Advances to Directors, Relatives and Firms/Concerns in which they are Interested](#)' and '[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 Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

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 inspection of the bank based on its financial position as on March 31, 2018, conducted by RBI, revealed, *inter alia*, contravention of RBI directions on 'Loans and Advances to Directors, Relatives and Firms/Concerns in which they are Interested' and 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)'. Based on the same, 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 directions.

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