



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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**RBI imposes monetary penalty on The Halol Urban Co-operative Bank Ltd.,
Panchmahal, Gujarat**

The Reserve Bank of India (RBI) has, by an order dated December 14, 2023, imposed a monetary penalty of ₹2.00 lakh (Rupees Two lakh only) on The Halol Urban Co-operative Bank Ltd., Panchmahal, 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' read with 'Loans and Advances to Directors etc. - Directors as surety/guarantors – Clarification', 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks (UCBs)' and '[\(Co-operative Banks - Interest Rate on Deposits\) Directions, 2016](#)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(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 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 a loan where relative of one of the directors of the bank stood as guarantor, (ii) breached prudential inter-bank counterparty exposure limit and (iii) not paid interest in matured term deposits from the date of maturity till the date of their repayment at the applicable rate. Consequently, 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 said 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 RBI directions was substantiated and warranted imposition of monetary penalty on the bank.