



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 13, 2019

**Reserve Bank of India imposes monetary penalty on
The Mehmadabad Urban Peoples Co-operative Bank Ltd., Mehmadabad**

The Reserve Bank of India (RBI) has imposed, by order dated September 11, 2019, monetary penalty of ₹2 lakh on the Mehmadabad Urban Peoples Co-operative Bank Ltd., Mehmadabad (the Bank) for non-compliance with directions issued by RBI on sanction of loans and advances to directors and KYC norms/ AML standards.

The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949, taking into account 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

Based on the complaints received by RBI, a scrutiny of the books and accounts of the bank was conducted by RBI, which revealed that the bank had, *inter alia*, not adhered to the directions on sanction of loans and advances to directors and KYC norms/ AML standards. A notice was issued to the bank, as to why penalty should not be imposed upon the bank for non-compliance with the aforementioned directions issued by RBI.

After considering the bank's reply, oral submissions made during the personal hearing and additional submission made by the bank after the personal hearing, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were sustained and warranted imposition of monetary penalty.