



KAMARAJ IAS ACADEMY
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RBI Imposes Restrictions on Mogaveera Co-operative Bank for Six Months

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The Reserve Bank of India (RBI) has imposed several restrictions on Mogaveera Co-operative Bank Ltd., Mumbai, for a period of six months due to its deteriorating financial position. The restrictions came into effect from the close of business on 12 June 2026 and will remain in force subject to review by the RBI.?

Under the RBI directions, the bank:

Cannot grant or renew loans and advances.

Cannot make investments.

Cannot incur liabilities, including borrowing funds.

Cannot accept fresh deposits.

Has a withdrawal limit of ₹1 lakh per depositor across all savings, current, and other accounts.

The RBI clarified that these restrictions should not be construed as cancellation of the bank's banking licence. The bank will continue to undertake banking operations subject to the conditions imposed by the regulator.

The action has been taken to safeguard the interests of depositors and ensure financial stability while the bank's financial position is reviewed.

About Cooperative Banks

Cooperative banks are financial institutions owned and managed by their members.

They operate on cooperative principles and primarily serve local communities.

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Urban Cooperative Banks (UCBs) mainly cater to urban and semi-urban areas.

RBI's Regulatory Powers

RBI regulates cooperative banks under the Banking Regulation Act, 1949.

It can impose restrictions under Section 35A of the Act in the interest of depositors and banking stability.

Deposit Insurance Protection

Deposits in banks are insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC).

DICGC provides insurance cover up to ₹5 lakh per depositor per bank, including principal and interest.

About DICGC

Established in 1961.

Wholly owned subsidiary of the Reserve Bank of India.

Headquarters: Mumbai.

Reserve Bank of India (Specialised Division) executive: M.D. Patra, Deputy Governor of RBI

About RBI

Established: 1 April 1935

Nationalised: 1 January 1949

Headquarters: Mumbai

Governor: Sanjay Malhotra

Exam Focus Points (Quick Revision Notes)

Bank in News ? Mogaveera Co-operative Bank Ltd., Mumbai

Regulator ? Reserve Bank of India (RBI)

Restriction Period ? 6 Months

Withdrawal Limit ? ₹1 Lakh per Depositor

Fresh Deposits ? Not Allowed

Loans and Advances ? Cannot Grant or Renew

Legal Provision ? Section 35A of Banking Regulation Act, 1949

Deposit Insurance Agency ? DICGC

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Deposit Insurance Cover ? ?5 Lakh

Objective ? Protect Depositors and Ensure Financial Stability

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