



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI imposes monetary penalty on The Kerala State Co-operative Bank Ltd., Thiruvananthapuram

The Reserve Bank of India (RBI) has, by an order dated October 03, 2022, imposed a monetary penalty of ₹48.00 lakh (Rupees Forty-Eight Lakh only) on The Kerala State Co-operative Bank Ltd., Thiruvananthapuram (the bank) for non-compliance with the provisions of section 19 read with section 56 of Banking Regulation Act, 1949 (the Act) and directions issued by RBI on 'Gold Loan - Bullet Repayment'. This penalty has been imposed in exercise of powers conferred on RBI under section 47 A (1) (c) read with sections 46 (4) (i) and 56 of the 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 the National Bank for Agriculture and Rural Development with reference to the bank's financial position as on March 31, 2019, the Inspection Report pertaining thereto and examination of correspondence with the bank revealed, *inter alia*, that the bank contravened the provisions of section 19 read with section 56 of the Act, when it did not comply with the RBI directions specifying the extent and the conditions subject to which co-operative banks were permitted to hold shares in any other co-operative society and that the bank failed to comply with the RBI directions limiting the quantum of gold loans that could be granted under the bullet repayment option. In furtherance to the same, notices were issued to the bank advising it to show cause as to why penalty should not be imposed on it for contravention of the provisions of the Act and for non-compliance with the directions issued thereunder, as stated therein.

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