

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

November 28, 2022

RBI imposes monetary penalty on The Chittoor Co-operative Town Bank Limited, Chittoor, Andhra Pradesh

The Reserve Bank of India (RBI) has imposed, by an order dated November 24, 2022, a monetary penalty of ₹6.00 lakh (Rupees Six lakh only) on The Chittoor Co-operative Town Bank Limited, Chittoor, Andhra Pradesh (the bank) for non-adherence / violation of directions issued under Establishment of Depositor Education and Awareness Fund, Management of Advances – UCBs, Income Recognition, Asset Classification, Provisioning and Other Related Matters-UCBs and Know Your Customer (KYC)/Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) Guidelines. 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 (AACS), 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 report of the bank based on its financial position as on March 31, 2020, revealed, inter alia, that the bank had not identified entire deposits eligible to be transferred to DEA Fund correctly and had also not transferred the amount lying in eligible inoperative savings bank accounts and current accounts (not operated for more than 10 years) to DEA Fund. There were instances of violation in the guidelines regarding the limit prescribed for gold loans under the bullet repayment scheme and also violations relating to KYC /AML /CFT guidelines wherein multiple financing was made to Pawn Brokers / Money Lenders without any check as multiple gold loans were outstanding against the name of same person, with different customer ID, thereby not adhering to UCIC norms. 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 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.