



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 17, 2024

RBI imposes monetary penalty on The Catholic Co-operative Urban Bank Limited, Telangana

The Reserve Bank of India (RBI) has, by an order dated October 07, 2024, imposed a monetary penalty of ₹3.00 lakh (Rupees Three Lakh only) on The Catholic Co-operative Urban Bank Limited, Telangana (the bank) for non-compliance with certain directions issued by RBI on 'Maintenance of Deposit Accounts – Primary (Urban) Co-operative Banks', 'Management of advances-UCBs' and 'Loans and advances to directors, their relatives, and firms /concerns in which they are interested'. This penalty has been imposed in exercise of powers vested in RBI, conferred under section 47A(1)(c) read with sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

A scrutiny of the bank was conducted by RBI in October 2023. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty.

The bank had:

- i) not monitored operations in certain deposit accounts and issued balance confirmation letters without having balance in those accounts, and
- ii) sanctioned loans to relatives of a director.

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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.