

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

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May 22, 2023

RBI imposes monetary penalty on The Kanyakumari District Central Co-operative Bank Ltd., Nagercoil, Tamil Nadu

The Reserve Bank of India (RBI) has imposed, by an order dated May 18, 2023, a monetary penalty of ₹7.50 lakh (Rupees Seven lakh Fifty thousand only) on The Kanyakumari District Central Co-operative Bank Ltd., Nagercoil, Tamil Nadu (the bank) for non-compliance with directions issued by RBI on transfer of eligible funds to Depositor Education and Awareness Fund (DEA Fund) constituted as per section 26A read with section 56 of Banking Regulation Act, 1949 (AACS) and for non-adherence with [Know Your Customer \(KYC\) Direction, 2016](#). 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, 2021, revealed, inter alia, that the bank had not transferred eligible unclaimed deposits to DEA Fund and had violated provisions of KYC Direction in respect of risk categorisation, and by allotting multiple Customer Identification Codes to same customers etc. 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 aforesaid 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.