



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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August 29, 2022

RBI imposes monetary penalty on The Ottapalam Co-operative Urban Bank Ltd., No. F. 1647, Ottapalam, Palakkad District, Kerala

The Reserve Bank of India (RBI) has imposed, by an order dated August 25, 2022, a monetary penalty of ₹5.00 lakh (Rupees five lakh only) on The Ottapalam Co-operative Urban Bank Ltd., No.F. 1647, Ottapalam, Palakkad District, Kerala (the bank) for non-adherence / violation of directions issued under i) Income Recognition, Asset Classification, Provisioning and Other related Matters-UCBs and ii) Know Your Customer (KYC) Guidelines – Primary (Urban) Co-operative Banks. 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, violation / non-compliance with directions issued Income Recognition, Asset Classification, Provisioning and Other related Matters-UCBs and Know Your Customer (KYC) Guidelines – Primary (Urban) Co-operative Banks. 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 charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.