



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## RBI imposes monetary penalty on The Karnataka State Co-operative Apex Bank Ltd., Bengaluru

The Reserve Bank of India (RBI) has, by an order dated August 29, 2022, imposed a monetary penalty of ₹25.00 lakh (Rupees Twenty-Five Lakh only) on The Karnataka State Co-operative Apex Bank Ltd., Bengaluru (the bank) for non-compliance with directions issued by the Reserve Bank of India (RBI) on "Housing Finance". This penalty has been imposed in exercise of powers vested in RBI conferred under section 47 A (1) (c) read with sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949.

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 NABARD with reference to the bank's financial position as on March 31, 2019, the Inspection Report pertaining thereto and examination of all related correspondence revealed, *inter alia*, that the bank failed to abide by the RBI directions limiting the quantum of housing loan that can be granted to an individual borrower by a State co-operative bank. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for non-compliance with the aforesaid directions issued by RBI.

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 RBI direction was substantiated and warranted imposition of monetary penalty.