

**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-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

August 24, 2023

**RBI imposes Monetary Penalty on The Kolhapur Urban Co-operative Bank Ltd.,
Kolhapur (Maharashtra)**

The Reserve Bank of India (RBI) has imposed, by an order dated August 17, 2023, a monetary penalty of ₹1.00 lakh (Rupees One Lakh only) on The Kolhapur Urban Co-operative Bank Ltd., Kolhapur, Maharashtra (the bank) for non-compliance with directions issued by RBI on 'Maintenance of Deposit Accounts - 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.

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 RBI with reference to its financial position as on March 31, 2022, and examination of the Risk Assessment Report pertaining thereto and all related correspondence pertaining to the same, revealed, *inter-alia*, that the bank was collecting fixed penal charge for shortfall in maintenance of minimum balance in saving bank accounts, instead of proportionate to the extent of shortfall, without giving notice to the customers that in the event of minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable. 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 failure to comply with directions stated therein.

After considering the bank's reply to the notice and oral submissions made 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.