

Press Releases*

February 2011

RBI seeks comments on Report of Working Group on Information Security, Electronic Banking Technology, Risk Management and Cyber Frauds

February 1, 2011

The Reserve Bank of India has invited views/comments of all stakeholders and the public at large on the Report of Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber frauds (Chairman: Shri G. Gopalakrishna, Executive Director, Reserve Bank of India). Comments/suggestions/views may be forwarded latest by February 14, 2011 to the Chief General Manager-in-Charge, Department of Banking Supervision, Central Office, 3rd Floor, World Trade Centre, Cuffe Parade, Mumbai-400005 or by email.

It may be recalled that the Working Group was established following the announcement in the April 2010 Monetary Policy Statement, in order to enhance the Reserve Bank guidelines relating to the governance of IT security measures, cyber frauds, independent assurance about the effectiveness of the IT controls and related areas. The report was placed on the RBI website on January 21, 2011.

RBI instructs Banks to Exchange Coins of 25 paise and Below for Facevalue

February 1, 2011

The Reserve Bank of India has instructed the banks maintaining small coin depots to arrange for exchange of coins of denomination of 25 paise and below for their face value at their branches. Members of public can exchange small denomination coins at any branch of these banks. Exchange facility will also be available at all Issue Offices of the Reserve Bank. The coins will be exchanged at the branches of these banks/offices of the Reserve Bank till the close of business on June 30, 2011.

* Important Press Releases during February 2011

Coins of denomination of 25 paise and below will not be accepted for exchange at the bank branches from July 1, 2011 onwards.

It may be recalled that in exercise of powers conferred by Section 15A of the Coinage Act, 1906 (3 of 1906), the Government of India has decided to withdraw the coins of denomination of 25 paise and below from circulation with effect from June 30, 2011. From this date, these coins shall cease to be legal tender for payment as well as on account.

Investment by FIIs/NRIs/PIOs under PIS: IndusInd Bank Ltd.

February 1, 2011

The Reserve Bank of India has today notified that the aggregate shareholdings by Foreign Institutional Investors (FIIs)/Non-Resident Indians (NRIs)/Persons of Indian Origin (PIOs) under the Portfolio Investment Scheme (PIS) in IndusInd Bank Ltd. have gone below the prescribed threshold limit stipulated under the FDI Policy. Therefore, the restrictions placed on the purchase of shares of the above bank are withdrawn with immediate effect. The name of IndusInd Bank Ltd. has been removed from the ban list and has been incorporated in the caution list. Hence, further purchases of equity shares of this bank would be allowed only after obtaining prior approval of Reserve Bank of India.

Shri Karuppasamy takes charge as New Executive Director at Reserve Bank of India

February 2, 2011

Shri S. Karuppasamy, assumed charge as Executive Director of the Reserve Bank of India. As Executive Director, Shri Karuppasamy will look after Department of Expenditure and Budgetary Control, Department of Information Technology, Legal Department and Urban Banks Department.

Shri Karuppasamy was Regional Director of the Reserve Bank's Kolkata office prior to taking charge as Executive Director. Shri Karuppasamy has also headed two Central Office departments, namely, Department of Banking Supervision and Urban Banks Department.

Joining the Reserve Bank of India in 1975, Shri Karuppasamy has worked in various departments in different capacities. These include, Issue Department, Department of Economic and Policy Research, Banking Department, Agricultural Credit Department, Rural Planning and Credit Department, Department of Banking Operations and Development and Urban Banks Department. He has also worked in various regional offices of the Reserve Bank. He has been a Member of Faculty in College of Agricultural Banking, Pune and has also been the Principal of the Reserve Bank's Staff Training College, Chennai.

Shri Karuppasamy has also been associated with working groups in certain areas, such as, High Power Committee on Urban Cooperative Banks, Rating Framework for Urban Cooperative Banks, Cross Border Supervision and Integrated System of Alert.

Shri Karuppasamy is a post graduate in Economics, is a Certified Associate of Indian Institute of Bankers, has a Post Graduate Diploma in Bank Management (NIBM) and is a Pragya.

As Regional Director, Shri Karuppasamy was an RBI Nominee Director on the Board of Indian Bank.

Shri Karuppasamy fills up the vacancy arising from Shri Anand Sinha's elevation to the post of Deputy Governor.

The Reserve Bank of India will shortly put into circulation coins of ₹5 with the theme 'C. SUBRAMANIAM BIRTH CENTENARY'.

February 2, 2011

The coin of above denomination shall conform to the following dimension and composition, namely:

Denomination of the coin	Shape and outside diameter	Number of Serrations	Metal composition
Five Rupees	Circular 23 millimeters	100	Nickel Brass Copper – 75% Zinc – 20% Nickel – 5%

The coins are legal tender as provided in the Indian Coinage Act, 1906. The existing Five Rupees Coins in circulation shall also continue to be legal tender.

The Reserve Bank of India issued the revised Guidelines for 'Internal Control over Foreign Exchange Business'.

February 2, 2011

First framed in 1981, the Internal Control Guidelines (ICG) were revised in December, 1996. The need to revise them once again was felt in the context of rapid pace of evolution of the forex markets in India and abroad as also, developments in information technology and its progressive usage in banks. A Group comprising officials from the Reserve Bank of India, Foreign Exchange Dealers' Association of India, Fixed Income Money Market and Derivatives Association of India, State Bank of India, ICICI Bank and Standard Chartered Bank looked into the updation of the Internal Control Guidelines to make them contemporary and benchmark document.

The document is designed to provide a scale of standards for the banks in the conduct of their foreign exchange business and is available on our website (www.rbi.org.in).

The Janata Co-op. Bank Ltd., Godhra, Dist. Panchmahal – Penalised

February 4, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on The Janata Co-op. Bank Ltd., Godhra, Dist. Panchmahal in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACS) for

violation of Reserve Bank of India instructions on persistence of irregularities of previous inspection report and requirement of reporting of cash transactions in excess of ₹10.00 lakh to FIU-IND, as required under AML guidelines.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.

The Ghoghamba Vibhag Nagarik Sahakari Bank Ltd., Ghoghamba, Dist. Panchmahal – Penalised

February 4, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on The Ghoghamba Vibhag Nagrik Sahakari Bank Ltd., Ghoghamba, Dist. Panchmahal in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACS) for violation of Reserve Bank of India instructions on persistence of irregularities of previous inspection report and requirement of reporting of cash transactions in excess of ₹10.00 lakh to FIU-IND, as required under AML guidelines.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.

Do Not Pay Money to receive Large Funds from Abroad: RBI Advisory

February 15, 2011

The Reserve Bank has issued an advisory cautioning the members of public against responding in any manner to offers of moneys from abroad. It has stated that such offers are fraudulent and has advised

the public to immediately register a complaint with the local police/cyber crime authorities when they receive such offers or become a victim of any such fraud.

Members of public have also been cautioned against making any remittance towards participation in such schemes/offers from unknown entities since such remittances are illegal and any resident in India collecting and effecting/remitting such payments directly/indirectly outside India is liable to be proceeded against for contravention of the Foreign Exchange Management Act, 1999. They are also liable for violation of regulations relating to Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards.

The Reserve Bank has further stated that it does not undertake any type of money arrangement, by whatever name called, and it does not take any responsibility for recovering moneys remitted in response to such bogus communication.

For any further clarification in the matter, the Reserve Bank has advised the public to contact the officials of the Foreign Exchange Department at its various Regional Offices or at its Central Office, Foreign Exchange Department on telephone numbers 022-22610589/22610618 or 2260 1000 extn. 2772/2732 during office hours (9.45 hours to 17.45 hours Monday to Friday) or seek clarification by e-mail. The public may also refer to the cautionary advices hosted on the home page of the Reserve Bank website (www.rbi.org.in) as a ticker for more information.

The Reserve Bank has stated that it has urged the Indian Banks' Association and banks to educate their customers to be extra vigilant with regard to such fictitious offers. Banks have also been advised to take up with law enforcing agencies whenever accounts of their customers are misused for such fraudulent activities.

How do the Fraudsters operate?

The Reserve Bank of India has, on several occasions in the past, cautioned the members of public not to fall prey to fictitious offers/lottery winnings/remittance of cheap funds in foreign currency from abroad by so-called foreign entities/individuals or to

Indian residents acting as representatives of such entities/individuals. Describing the manner in which the fraudsters operate, the Reserve Bank has stated that the fraudsters send attractive offers to gullible public through letters, e-mails, mobile phones, SMSs, etc. To lend credence to such offers, the communication is often sent on/from letterheads/websites that appear to be like that of some public authorities like the Reserve Bank of India. The offers are apparently signed by top executives/senior officials of such authorities. However, only the names of the officials may be correct but their signatures are faked. The offer document would contain contact details of a so-called RBI officer working in some department in the Reserve Bank/Public Authorities.

The fraudsters initially ask potential victims to deposit small sums of money for different official sounding reasons, such as, processing fees/transaction fees/tax clearance charges/conversion charges, clearing fees, etc. The victims are asked to deposit the money in certain accounts in banks. The fraudsters often have multiple accounts in the name of individuals or proprietary concerns in different bank branches for collecting such charges. Often gullible genuine account holders are persuaded by the fraudsters to lend their accounts for such fraudulent activities on the promise of receiving some commission. Once the initial amount is deposited, demands for more money follow with more official sounding reasons. After accumulating a sizeable amount in these accounts, the fraudsters withdraw or transfer the money abroad and vanish leaving the victims in a lurch. Many residents have already become victims and have lost huge sums of money by falling for such fictitious offers.

RBI Advisory on Overseas Forex Trading through Electronic/Internet Trading Portals

February 21, 2011

The Reserve Bank of India has clarified that remittance in any form towards overseas foreign exchange trading through electronic/internet trading portals is not permitted under the Foreign Exchange

Management Act (FEMA), 1999. The Reserve Bank has also clarified that the existing regulations under FEMA, 1999 do not permit residents to trade in foreign exchange in domestic/overseas markets.

Residents are, however, permitted to trade in currency futures and options contracts, traded on the stock exchanges recognised by the Securities and Exchange Board of India (SEBI) in India, subject to the conditions specified by the Reserve Bank from time to time.

Background

The Reserve Bank had noticed advertisements issued by electronic/internet portals offering trading or investing in foreign exchange with guaranteed high returns. Many companies even engage agents who personally contact gullible people to undertake forex trading/investment schemes and entice them with promises of disproportionate/exorbitant returns.

The Reserve Bank of India cautions the public not to remit or deposit money for such unauthorised transactions. The advice has become necessary in the wake of many residents falling prey to such tempting offers and losing money heavily in the recent past.

RBI and 926 branches of Banks to accept Advance Income Tax

February 21, 2011

As many as 926 computerised branches of public and private sector banks will receive advance income tax in Mumbai and Navi Mumbai. These arrangements have been made for the convenience of the income tax assesseees. Of the 926 bank branches, 862 branches are public sector bank branches, 35 HDFC bank branches, 10 ICICI Bank branches and 19 Axis bank branches. The Reserve Bank of India has advised income tax assesseees to take advantage of these standing arrangements made for their convenience.

Long queues and inconveniences can be avoided at the Reserve Bank of India counters if the assesseees in Mumbai and Navi Mumbai utilise the services being made available at various designated branches of banks

and deposit their income tax dues well in advance of the last date.

Urban Co-operative Bank Ltd., Cuttack – Penalised

February 21, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on Urban Co-operative Bank Ltd., Cuttack in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACS) for violation of Reserve Bank of India instructions relating to opening of the four collection counters without prior approval of Reserve Bank of India.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.

The Surat Mercantile Co-operative Bank Ltd., Surat Dist. Surat-Penalised

February 21, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹5.00 lakh (Rupees five lakh only) on The Surat Mercantile Co-operative Bank Ltd., Surat, Dist. Surat in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACS) for violation of Reserve Bank of India instructions on disposal of non-banking assets, donations and purchasing of cheques beyond the ceiling of ₹0.20 lakh per instrument and collecting third party 'Account Payees' cheques.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations

were substantiated and warranted imposition of the penalty.

Certificate of Registration of Commercial Hire Purchase (India) Ltd. – Cancelled

February 21, 2011

The Reserve Bank of India has cancelled on January 6, 2011 the certificate of registration issued to Commercial Hire Purchase (India) Ltd., having its registered office at 62, GCDA Complex, Marine Drive, Kochi – 682031 for carrying on the business of a non-banking financial institution. Following rejection of the application for certificate of registration Commercial Hire Purchase (India) Ltd. cannot transact the business of a non-banking financial institution.

By the powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank can reject the application for registration certificate of a non-banking financial company. The business of a non-banking financial institution is defined in clause (a) of Section 45-I of the Reserve Bank of India Act, 1934.

The Viramgam Mercantile Co-operative Bank Ltd., Viramgam, Dist. Ahmedabad – Penalised

February 22, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on The Viramgam Mercantile Co-operative Bank Ltd., Viramgam, Dist. Ahmedabad in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACS) for violation of non-filing of Cash Transaction Report (CTR)/Suspicious Transaction Report (STR) to Financial Intelligence Unit-India (FIU-IND), New Delhi and persistence of irregularities pointed out in the previous RBI inspection report.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts

of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.

Shri Mahila Sewa Sahakari Bank Ltd., Ahmedabad (Gujarat) – Penalised

February 22, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on Shri Mahila Sewa Sahakari Bank Ltd., Ahmedabad (Gujarat) in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACCS) for violation of Reserve Bank of India instructions on grant of unsecured advances in excess of the prescribed ceiling. The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.

Amreli Nagarik Sahkari Bank Ltd., Amreli – Penalised

February 22, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on Amreli Nagarik Sahkari Bank Ltd., Amreli in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACCS) for violation of provisions of Section 5(ccv) of B.R.Act, 1949 (AACCS) and the Reserve Bank instructions on Anti-Money Laundering (AML) guidelines.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.

The Jamnagari Mahila Sahakari Bank Ltd., Jamnagar – Penalised

February 22, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on The Jamnagar Mahila Sahakari Bank Ltd., Jamnagar in exercise of powers vested in it under the provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACCS) for violation of the Reserve Bank instructions on Anti-Money Laundering (AML) guidelines.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.

One More Step towards Transparency RBI releases minutes of TAC on Monetary Policy

February 22, 2011

The Reserve Bank of India today released, for the first time, the minutes of the meeting of the Technical Advisory Committee (TAC) on Monetary Policy held on January 19, 2011 in the run up to the Third Quarter Review of the Monetary Policy announced on January 25, 2011. This follows the decision of placing in public domain, the main points of discussion at the TAC with a lag of roughly four weeks after the meeting of the Committee.

Background

The Reserve Bank of India constituted a Technical Advisory Committee (TAC) on Monetary Policy in July 2005 with a view to further strengthening the consultative process in monetary policy formulation, with external experts in the areas of monetary economics, central banking, financial markets and public finance. The Committee was last reconstituted in July 2009. The role of the Committee is advisory in nature. While the Reserve Bank takes into account the

advice of the Committee, its final decision is in no way constrained by the views of the Committee. The Reserve Bank alone is responsible and accountable for policy actions and the time paths for decision-making.

It has been the endeavour of the Reserve Bank to place in public domain all such data/inputs as go into the formulation of monetary policy. The publishing of data on inflation expectation survey conducted by the Reserve Bank is an example of such efforts. Since discussions in the TAC are an important input for the formulation of monetary policy, it has been decided to place the main points of discussion of the Committee in public domain with a lag of roughly four weeks after the meeting of the Committee.

RBI places Draft Guidelines on Introduction of CDS for Corporate Bonds for Public Comments

February 23, 2011

The Reserve Bank of India has, today, placed on its website, 'draft guidelines on introduction of credit default swaps (CDS) for corporate bonds' for public comments.

The draft report of the Internal Working Group on introduction of CDS for corporate bonds was placed on the Reserve Bank's website on August 4, 2010 for public comments. The report as finalised after taking into account public comments is also placed on the Reserve Bank's website. Draft guidelines on introduction of single name CDS on corporate bonds have been prepared in the light of suggestions and feedback received.

Comments on the draft guidelines may be forwarded, latest by March 8, 2011, to the Chief General Manager, Internal Debt Management Department, Reserve Bank of India, Central Office Building, 23rd Floor, S.B.S. Road, Fort, Mumbai 400001 or emailed.

RBI defers Implementation of Compensation Guidelines

February 23, 2011

The Reserve Bank of India has deferred the implementation of the guidelines on compensation for

whole time directors/chief executive officers/risk takers and control function staff of private sector banks and foreign banks operating in India to 2012-13. This was done to give banks sufficient time to formulate their policies. The guidelines were slated for implementation for 2011-2012. The Reserve Bank has advised banks to refer, in the meantime, to the Basel Committee on Banking Supervision (BCBS) consultative document on Methodologies for Risk and Performance Alignment of Remuneration and start preparatory work. The document was issued in October 2010. The Reserve Bank has also stated that it would issue the final guidelines on compensation after the publication of the final paper by the BCBS.

It may be recalled that the Reserve Bank had, in July 2010, placed on its website draft guidelines on compensation for whole time directors/chief executive officers/risk takers and control function staff of private sector banks and foreign banks operating in India. A large number of comments/suggestions have been received on draft guidelines. These are being examined. Meanwhile, the Basel Committee on Banking Supervision (BCBS), in October 2010, brought out a consultative paper titled 'Range of Methodologies for Risk and Performance Alignment of Remuneration' for public comments.

IT Vision Document for 2011-17

February 28, 2011

The Reserve Bank of India has today, placed on its website, the Report of the High Level Committee (HLC) on the IT Vision of Reserve Bank of India 2011-2017. The HLC report includes the IT Vision document for 2011-17.

Main recommendations in the IT Vision document 2011-17

Focus for RBI

- Transforming itself into an information intensive knowledge organisation
- Harnessing human resource potential, migration to enterprise architecture for IT systems
- Adopting appropriate business process re-engineering

- Conforming to internationally accepted standards and usage of business intelligence from data warehouse for optimal Management Information Systems (MIS) with effective Decision Support Systems (DSS)
- Improving IT governance, effective project management, evolving well-defined information policies as well as information security frameworks, better vendor management and outsourcing practices
- Reviewing of IT processes for better alignment between business objectives and IT.

Focus for Banks

The Vision Document sets priorities for commercial banks to move forward from their core banking solutions to enhanced use of IT in areas like MIS, regulatory reporting, overall risk management, financial inclusion and customer relationship management. It also dwells on possible operational risks arising out of adopting technology in the banking sector which could affect financial stability and emphasises the need for internal controls, risk mitigation systems, fraud detection/prevention and business continuity plans.

Although banks have deployed technology for transaction processing, analytical processing by banks is still in a nascent stage. The Report urges banks to work towards reaping benefits of technology in terms of cost reduction of small value transactions, improved customer services and effective flow of information within the banks and to the regulator.

The Reserve Bank will begin implementing the recommendations of the HLC shortly.

Background

The Reserve Bank has played a pivotal role in this process of transformation of the financial sector with the use of IT. As the central bank, it has also strived to create a conducive environment for promoting technological adoption encompassing the financial sector. Since IT has evolved over the years it is important that the financial sector too reviews the developments in this area and adapt itself to them.

Over a period of 15 years, DIT has satisfactorily fulfilled most of the objectives set to it at the time of formation. It has been instrumental in designing, developing and implementing IT-based systems, which have helped in the discharge of various functions of the Reserve Bank. As the developments in IT have a bearing on the role, functions and organisation of DIT, it is necessary to review its objectives.

To steer the financial sector to achieve the desired technological goals, the Reserve Bank has brought out two vision documents encompassing the periods 2005-08 and 2008-10. As the tenure of the previous IT vision document was 2008-10, it was incumbent upon the department to prepare the next version of the vision document for the period 2011-17.

Against this background, the Governor constituted a High Level Committee (Chairman: Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India) to prepare the IT Vision for 2011-17. The terms of reference for the Committee were:

- a. Review of the contribution of DIT in establishment of IT infrastructure in the Reserve Bank and banking sector over the period of fifteen years;
- b. Preparation of Information Technology Vision Document for the period 2011-17, taking into account requirements and expectations of banking system in general and Reserve Bank in particular;
- c. Keeping in view the IT Vision Document, redefining the role, functions and organisation of DIT;
- d. Specifying the role of the department in meeting the information needs of the Reserve Bank and the society at large

The report of the Committee discusses the context in which the IT Vision Document has been prepared and gives strategy for achieving the goals set in the document. It also delineates the review of the contribution of Department of Information Technology (DIT) in establishment of IT infrastructure in the Reserve Bank and the banking sector over 15 years. Further it discusses the information needs of the

Reserve Bank and the society and finally it redefines the role, responsibilities and organisation of DIT.

The Junagadh Commercial Co-operative Bank Ltd., Junagadh – Penalised

February 28, 2011

The Reserve Bank of India has imposed a monetary penalty of ₹1.00 lakh (Rupees one lakh only) on The Junagadh Commercial Co-operative Bank Ltd., Junagadh in exercise of powers vested in it under the

provisions of Section 47(A)(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (AACS) for violation of Know Your Customers (KYC) norms and Anti-Money Laundering (AML) guidelines.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and the bank's reply in the matter, the Reserve Bank came to the conclusion that the violations were substantiated and warranted imposition of the penalty.