

PRESS RELEASE



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RESERVE BANK OF INDIA

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RBI fines IDBI Ltd. for violation of KYC Norms and guidelines on IPO finance

The Reserve Bank of India, in exercise of powers vested in it under the provisions of Section 47 A (1)(b) of the Banking Regulation Act, 1949, today imposed monetary penalty of Rs.5 lakh on IDBI Ltd. for violation of the Reserve Bank of India guidelines on opening of accounts, including joint accounts, Know Your Customer (KYC) norms and also for violation of extant guidelines of the Reserve Bank relating to IPO financing.

The Reserve Bank had issued a show cause notice to the bank in response to which the bank had submitted its written response. The Chairman and Managing Director of the bank had also sought personal hearing with the Reserve Bank, which was granted. On careful examination of the bank's submission, both oral and written, the Reserve Bank came to a conclusion that the violations were substantiated and has accordingly imposed the monetary penalty.

It may be recalled that in October 2004, as part of measures to improve the transparency of banks, the Reserve Bank of India had announced its decision to disclose in public domain information on penalties imposed on banks after due process of advising a bank and seeking its explanation so as to give reasonable opportunity to the bank for being heard.

Alpana Killawala
Chief General Manager

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