



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

September 10, 2024

RBI imposes monetary penalty on Axis Bank Limited

The Reserve Bank of India (RBI) has, by an order dated September 3, 2024, imposed a monetary penalty of ₹1.91 crore (Rupees One crore and ninety-one lakh only) on Axis Bank Limited (the bank) for contravention of provisions of Section 19 (1) (a) of the Banking Regulation Act, 1949 (BR Act), and non-compliance with certain directions issued by RBI on 'Interest Rate on Deposits', '[Know Your Customer \(KYC\)](#)' and 'Credit Flow to Agriculture- Collateral free agricultural loans'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) of BR Act.

The Statutory Inspection for Supervisory Evaluation (ISE 2023) of the bank was conducted by RBI with reference to its financial position as on March 31, 2023 and a review of activities of its subsidiary company was carried out by RBI. Based on supervisory findings of contravention of provisions of BR Act and non-compliance with the RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the provisions of BR Act and RBI directions.

After considering the bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

- The bank opened certain savings deposit accounts in the name of ineligible entities;
- The bank had allotted multiple customer identification code to certain customers instead of a Unique Customer Identification Code (UCIC) for each customer;
- The bank had obtained collateral security for agricultural loans upto ₹1.60 lakh in certain cases; and
- A wholly owned subsidiary of the bank undertook business of technology service provider, which is not permissible business that can be undertaken by a banking company under Section 6 of the BR Act.

The action is based on deficiencies in statutory and regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.