

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

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**RBI imposes monetary penalty on Bank of Baroda**

The Reserve Bank of India (RBI) has, by an order dated January 30, 2023 imposed a monetary penalty of ₹30.00 lakh (Rupees Thirty lakh only) on Bank of Baroda (the bank) for non-compliance with certain provisions of the '[Reserve Bank of India – \(Know Your Customer \(KYC\)\) Direction, 2016](#)' and [Reserve Bank of India \(Interest Rate on Deposits\) Directions, 2016](#). 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 51(1) of the Banking Regulation Act, 1949.

This action is based on the 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 for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to its financial position as on March 31, 2020, and the examination of the Risk Assessment Report and all related correspondences pertaining to the same revealed, *inter alia*, non-compliance with the aforesaid directions by the bank to the extent it (i) breached the stipulated transaction limits (aggregate of credits in a financial year and aggregate of all withdrawals & transfer in a month) in small accounts and (ii) failed to ensure that the interest rates applied in certain term deposit accounts were strictly as per the schedule of interest rates disclosed in advance. 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 the said directions, as 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 charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty, to the extent of non-compliance with such directions.