



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 24, 2023

RBI imposes monetary penalty on Karur Vysya Bank Ltd.

The Reserve Bank of India (RBI) has, by an order dated March 21, 2023, imposed a monetary penalty of ₹30.00 lakh (Rupees Thirty lakh only) on Karur Vysya Bank Ltd. (the bank) for non-compliance with certain provisions of the Reserve Bank of India (Frauds- Classification and reporting by commercial banks and select FIs) 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) 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

A Select Scope Inspection (SSI) of the bank was conducted by RBI during the period from February 21, 2022 to March 04, 2022. An examination of the SSI report and all related correspondence pertaining to the same revealed that the bank failed to report a few accounts as frauds to RBI within a week of the respective Joint Lenders' Forum (JLF) decisions to do so. 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 directions issued by RBI, as stated therein.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and additional submissions made by it, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty on the bank, to the extent of non-compliance with such directions.

Press Release: 2022-2023/1914

(Yogesh Dayal)
Chief General Manager