



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 24, 2025

RBI imposes monetary penalty on Jammu and Kashmir Bank Limited

The Reserve Bank of India (RBI) has, by an order dated January 14, 2025, imposed a monetary penalty of ₹3,31,80,000 (Rupees Three Crore Thirty One Lakh Eighty Thousand only) on Jammu and Kashmir Bank Limited (the bank) for non-compliance with certain directions issued by RBI on 'Financial Inclusion - Access to Banking Services - Basic Savings Bank Deposit Account (BSBDA)', '[Know Your Customer](#)' and 'Loans and Advances - Statutory and Other Restrictions'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949.

The Statutory Inspection for Supervisory Evaluation of the bank was conducted by RBI with reference to its financial position as on March 31, 2022 and March 31, 2023. Based on supervisory findings of non-compliance with 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 said RBI directions.

After considering the bank's reply to the notice 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:

- i) The bank allowed certain BSBDA holders to also open Savings Bank Deposit Accounts;
- ii) The bank did not identify beneficial owner for opening accounts of certain Legal Persons, who were not natural persons;
- iii) The bank allowed operations in certain small accounts that did not meet the regulatory requirements; and
- iv) The bank sanctioned a working capital demand loan to a Corporation against amounts receivable by way of subsidies from Government.

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.