



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)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022- 22660502

May 28, 2020

## Reserve Bank of India imposes monetary penalty on Karnataka Bank Limited

The Reserve Bank of India (RBI) has, by an order dated May 27, 2020, imposed a monetary penalty of ₹1.20 crore on Karnataka Bank Ltd. (the bank) for non-compliance with certain provisions of directions issued by RBI on “Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances - Divergence in NPA Accounts” and “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances”.

The 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**

The statutory inspection of the bank with reference to its financial position as on March 31, 2017 and as on March 31, 2018 and the Risk Assessment Reports (RAR) pertaining thereto revealed, *inter-alia*, non-compliance with above-mentioned directions issued by RBI. 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 non-compliance with the directions. After considering the bank's reply to the notice, oral submissions made in the personal hearing and examination of additional submissions, RBI concluded that the aforesaid charges of non-compliance with RBI directions warranted imposition of monetary penalty.

Press Release: 2019-2020/2415

(Yogesh Dayal)  
Chief General Manager