

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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April 06, 2023

RBI imposes monetary penalty on Indian Bank

The Reserve Bank of India (RBI) has, by an order dated April 06, 2023 imposed a monetary penalty of ₹55.00 lakh (Rupees Fifty Five lakh only) on Indian Bank (the bank) for non-compliance with certain provisions of the '[Reserve Bank of India \(Know Your Customer \(KYC\)\) 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 sections 46 (4) (i) and 51 (1) of the Banking Regulation Act, 1949.

This action is based on the deficiencies in regulatory compliance observed and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

Background

A scrutiny of the bank was carried out by RBI in July 2020 based on a high value fraud reported by the bank. The examination of scrutiny report and all related correspondence pertaining to the same, revealed, *inter alia*, non-compliance with the aforesaid directions by the bank to the extent the bank failed to undertake customer due diligence measures as mandated while opening an account in the name of a sole proprietary firm. 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, 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.