



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

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May 17, 2024

**Reserve Bank of India imposes monetary penalty on Karnataka Bank Ltd.**

The Reserve Bank of India (RBI) has, by an order dated May 14, 2024 imposed a monetary penalty of ₹59,10,000 (Rupees Fifty Nine Lakh Ten Thousand only) on Karnataka Bank Ltd. (the bank) for non-compliance with certain directions issued by RBI on 'Interest Rate on Deposits' and 'Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances'. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) of the Banking Regulation Act, 1949.

The Statutory Inspection for Supervisory Evaluation (ISE 2022) of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. 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 directions. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank (i) had opened savings deposit accounts in the name of certain ineligible entities and (ii) failed to review / renew certain loan accounts within the prescribed period and yet did not classify these accounts as Non-Performing Assets.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transactions 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.

Press Release: 2024-2025/326

**(Puneet Pancholy)**  
Chief General Manager