

**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, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

June 23, 2023

**RBI imposes monetary penalty on Jammu and Kashmir Bank Limited**

The Reserve Bank of India (RBI) has, by an order dated June 22, 2023 imposed a monetary penalty of ₹2,50,00,000/- (Rupees Two crore and Fifty lakh only) on Jammu and Kashmir Bank Limited (the bank) for non-compliance with certain directions issued by RBI on 'Creation of a Central Repository of Large Common Exposures-Across Banks', read with 'Central Repository of Information on Large Credits (CRILC) – Revision in Reporting', 'Loans and Advances – Statutory and other Restrictions' and 'Time-bound implementation and strengthening of SWIFT-related operational controls'. This penalty has been imposed in exercise of powers vested in RBI conferred 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 for Supervisory Evaluation (ISE 2021) of the bank was conducted by RBI with reference to its financial position as on March 31, 2021. The examination of the Risk Assessment Report/Inspection Report pertaining to the ISE 2021 and all related correspondences in that regard revealed, *inter alia*, non-compliance with the aforesaid directions by the bank to the extent it (i) failed to ensure integrity and quality of data submitted to CRILC, (ii) extended term loans to a corporation (a) without undertaking due diligence on the viability and bankability of the projects to ensure that revenue streams from the projects are sufficient to take care of the debt servicing obligations and (b) failing to ensure that the repayment/servicing of said term loans was not made out of budgetary resources and (iii) created financial/non-financial messages in SWIFT without first ensuring that the underlying transactions have been duly reflected in the CBS. 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 and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty, to the extent of non-compliance with such directions.