



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 28, 2025

RBI imposes monetary penalty on Karnataka Gramin Bank, Karnataka

The Reserve Bank of India (RBI) has, by an order dated March 26, 2025, imposed a monetary penalty of ₹1.00 lakh (Rupees One lakh only) on Karnataka Gramin Bank, Karnataka (the bank) for non-compliance with certain directions issued by RBI on 'Strengthening of Prudential Norms- Provisioning Asset Classification and Exposure Limit, 2001' read with 'Income Recognition, Asset Classification and Provisioning Norms-Guidelines, 1996'. This penalty has been imposed in exercise of powers conferred on RBI, under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by National Bank for Agriculture and Rural Development (NABARD) with reference to its financial position as on March 31, 2024. 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 directions. After considering the bank's reply to the notice and oral submissions made by it during the personal hearing, RBI found, *inter alia*, that the following charge against the bank was sustained, warranting imposition of monetary penalty:

The bank had failed to classify certain loan accounts as non-performing assets.

This action is based on 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. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

Press Release: 2024-2025/2516

(Puneet Pancholy)
Chief General Manager