



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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Reserve Bank of India imposes monetary penalty on Kotak Mahindra Bank Limited

The Reserve Bank of India (RBI) has, by an order dated June 06, 2019, imposed a monetary penalty of ₹ 20 million on Kotak Mahindra Bank Limited (the bank) for non-compliance with the directions issued to the bank by RBI in exercise of its powers under sections 27(2) and 35A of the Banking Regulation Act, 1949 (the Act) to furnish information specified therein. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Act, taking into account the default committed by the bank in complying with the aforesaid directions issued by RBI.

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.

Background:

The bank was directed by RBI to furnish information about details of the shareholding held by its promoters and to submit details of the proposed course of action/plans/strategy of the bank for complying with the permitted timeline for dilution of promoter shareholding. Subsequently, the bank was directed to convey its commitment to achieve the dilution as per the timelines stipulated. However, the bank failed to comply with the said directions and a Notice (SCN) was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the said directions. After considering the reply received from the bank, submissions made by the bank during the personal hearing and the documents submitted by it, RBI came to the conclusion that the bank had failed to comply with the directions issued by RBI and decided to impose monetary penalty on the bank.