



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

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## **Reserve Bank of India imposes monetary penalty on South Indian Bank Limited**

The Reserve Bank of India (RBI) has imposed, by order dated June 13, 2019, monetary penalty of ₹1 million on South Indian Bank Limited (the bank) for non-compliance with directions issued by RBI on 'Guarantees and Co-acceptances'. The 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 Banking Regulation Act, 1949, taking into account failure of the bank to adhere to the aforesaid directions issued by RBI.

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.

### **Background**

RBI had received references from a government department and a private party alleging non-payment of invoked Bank Guarantees by the bank. Examination in this regard revealed violation of RBI directions on 'Guarantees and Co-acceptances' and a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the directions.

After considering the bank's reply, oral submissions made during the personal hearing and additional submission made by the bank after the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.

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**Yogesh Dayal**  
Chief General Manager