

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1442
ANSWERED ON:27.11.2009
VIOLATION OF RBI GUIDELINES
Bairwa Shri Khiladi Lal

Will the Minister of FINANCE be pleased to state:

the action taken or proposed to be taken against the banks which have violated the Reserve Bank of India (RBI) guidelines issued from time to time during the last three years?

Answer

The Minister of State in the Ministry of Finance (Shri S. S. Palanimanickam)

There are a number of extant Government of India Acts and Reserve Bank of India (RBI) guidelines issued from time to time, which are to be followed by all the Scheduled Commercial Banks (SCBs), Regional Rural Banks, Cooperative Banks regulated by RBI and National Bank for Agriculture and Rural Development (NABARD). The guidelines relate to defaulting in the maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio, failing in achieving the mandatory targets of lending to priority/agriculture sector by SCBs, inspection/scrutiny of concerned bank, foreign exchange regulations including Know Your Customer (KYC)/Anti Money Laundering (AML), etc.

In case of violation of any such Act / guideline by the banks, RBI imposes various penalties e.g. monetary penalty including penal interest, criminal action against the Board of Directors, supercession of Board of Directors, etc depending upon the parameters of such Acts / guidelines. In some cases of minor violations, RBI even issued advisories, letter of displeasures, etc.