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The Reserve Bank of India, it appears, is taking a serious view of violations of various regulations issued by it in the assessment of non-performing assets (NPAs).

It has imposed a penalty of ₹3 crore on Axis Bank for non-compliance with the directions issued by it on Income Recognition and Asset Classification (IRAC) norms.

Bankers say it remains to be seen if the central bank will impose penalties on banks where there has been a divergence between the NPAs and provisions declared by the banks and those assessed during the RBI's annual financial inspection process.

The central bank observed that the statutory inspection of Axis Bank with reference to its financial position as on March 31, 2016, revealed, among other things, violations of various regulations issued by the RBI in the assessment of NPAs.

IOB

Meanwhile, the RBI has imposed a penalty of ₹2 crore on Indian Overseas Bank (IOB) for violating Know Your Customer (KYC) norms. The RBI said a fraud was detected in one of the branches of Chennai-headquartered IOB. It added that the examination of the documents, including the bank's internal inspection report, revealed non-compliance with the directions issued by the RBI on KYC norms.

“After considering the bank's reply, oral and written submissions made in the personal hearing.... RBI came to the conclusion that the aforesaid charges of non-compliance with the RBI directions/ guidelines were substantiated and warranted imposition of monetary penalty,” the central bank said.