



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 06, 2024

RBI imposes monetary penalty on Housing and Urban Development Corporation Limited

The Reserve Bank of India (RBI) has, by an order dated September 2, 2024, imposed a monetary penalty of ₹3,50,000/- (Rupees Three lakh fifty thousand only) on Housing and Urban Development Corporation Limited (the company) for non-compliance with certain provisions of the '[Reserve Bank of India \(Know Your Customer \(KYC\)\) Direction, 2016](#)' and '[Non-Banking Financial Company - Housing Finance Company \(Reserve Bank\) Directions, 2021](#)' issued by RBI. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 52A of the National Housing Bank Act, 1987.

The statutory inspection of the company was conducted by the National Housing Bank with reference to its financial position as on March 31, 2022. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the company 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 company's reply to the notice and oral submissions made by it during the personal hearing, RBI found, *inter alia*, that the following charges against the company were sustained, warranting imposition of monetary penalty.

The company:

(i) failed to undertake risk categorization of its customers during the financial year 2021-22 and did not put in place a system for periodic review of risk categorisation of accounts; and

(ii) did not create floating charge on the assets invested by it in terms of Section 29B of NHB Act, in favour of its depositors and register the same with the Registrar of Companies.

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 company with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.