



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 31, 2022

RBI imposes monetary penalty on LIC Housing Finance Limited, Mumbai

The Reserve Bank of India (RBI) has, by an order dated October 21, 2022, imposed a monetary penalty of ₹5.00 lakh (Rupees Five lakh only) on LIC Housing Finance Limited, Mumbai (the company) for non-compliance with certain provisions of "The Housing Finance Companies (NHB) Directions, 2010" issued by the National Housing Bank (NHB) on July 02, 2018 read with the [press release dated August 13, 2019](#) issued by the Reserve Bank of India (the Bank) on "Transfer of Regulation of Housing Finance Companies (HFCs) to Reserve Bank of India". This penalty has been imposed in exercise of powers vested in RBI under the provisions of clause (b) of sub-section (1) of section 52A read with clause (aa) of sub-section (3) of section 49 of the National Housing Bank Act, 1987 (NHB Act).

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 company with its customers.

Background

The statutory inspection of the housing finance company, conducted by NHB with reference to its financial position as on March 31, 2020 and examination of the Inspection Report, supervisory letter and all related correspondence pertaining to the same revealed, *inter alia*, the company's failure to create floating charge in favour of its depositors on a portion of the assets invested by it in terms of section 29B of NHB Act, and non-registration of such charge with the Registrar of Companies. In furtherance to the same, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for failure to comply with the statutory directions, as stated therein.

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