

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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October 17, 2023

RBI imposes monetary penalty on ICICI Bank Ltd.

The Reserve Bank of India (RBI) has, by an order dated October 17, 2023, imposed a monetary penalty of ₹12.19 crore (Rupees Twelve crore and nineteen lakh only) on ICICI Bank Ltd. (the bank) for contravention of sub-section (1) of Section 20 of the Banking Regulation Act, 1949 (the BR Act) read with directions issued by RBI on 'Loans and Advances-Statutory and Other restrictions', sub-section (2) of Section 6 and Section 8 of the BR Act read with directions issued by the RBI on 'Financial Services provided by the Banks', and non-compliance with the RBI directions on 'Frauds classification and reporting by commercial banks and select FIs'. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) of the BR 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 bank with its customers.

Background

The Statutory Inspections for Supervisory Evaluation (ISE 2020 and ISE 2021) of the bank were conducted by RBI with reference to its financial position as on March 31, 2020 and March 31, 2021. The examination of the Risk Assessment Reports/Inspection Reports pertaining to ISE 2020 and ISE 2021, and all related correspondence in that regard, revealed, *inter alia*, that the bank had (i) sanctioned/committed loans to companies in which two of its directors were also directors, (ii) marketed and engaged in the sale of non-financial product, and (iii) failed to report frauds to RBI within the prescribed timelines. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the provisions of the BR Act and the directions issued by RBI, as stated therein.

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