



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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April 25, 2025

Reserve Bank of India imposes monetary penalty on Indian Bank

The Reserve Bank of India (RBI) has, by an order dated April 08, 2025, imposed a monetary penalty of ₹1,61,40,000 (Rupees One crore sixty one lakh forty thousand only) on Indian Bank (the bank) for contravention of provisions of Section 26A of the Banking Regulation Act, 1949 (BR Act) and non-compliance with certain directions issued by RBI on 'Interest Rate on Advances', 'Kisan Credit Card (KCC) Scheme' and 'Lending to Micro, Small and Medium Enterprises (MSME) Sector'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 51(1) of the BR Act.

The statutory Inspection for Supervisory Evaluation (ISE 2023) of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on the supervisory findings of contraventions of the provisions of the BR Act and non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank 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 bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found that the following charges against the bank were sustained, warranting imposition of monetary penalty:

- (i) The bank failed to benchmark the interest rate on certain floating rate retail loans and loans to certain Micro, Small and Medium Enterprises to an external benchmark rate;
- (ii) The bank had obtained collateral security in respect of certain KCC loans upto ₹1.6 lakh and certain loans to Micro and Small Enterprises upto ₹10 lakh; and
- (iii) The bank did not transfer eligible amount to the Depositor Education and Awareness Fund within the prescribed period.

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

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(Puneet Pancholy)
Chief General Manager