



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## Reserve Bank of India imposes monetary penalty on Bank of India

The Reserve Bank of India (RBI) has imposed, by an order dated February 27, 2020, a monetary penalty of ₹5 crore (Rupees Five crore only) on Bank of India (the bank) for non-compliance with certain provisions of the directions issued by RBI on "Income Recognition, Asset Classification and Provisioning pertaining to Advances - Divergence in NPA accounts", "Opening of current accounts by banks – Need for discipline", and "Classification and reporting of frauds."

This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47A (1) (c) read with sections 46 (4) (i) and 51 (1) of the Banking Regulation Act, 1949 (the 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 inspection of the bank with reference to its financial position as on March 31, 2017 and March 31, 2018 and the Risk Assessment Reports (RARs) pertaining thereto revealed, *inter-alia*, non-compliance with the above-mentioned directions issued by RBI. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed for failure to comply with the directions issued by RBI. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions, RBI concluded that the aforesaid charges of non-compliance with RBI directions warranted imposition of monetary penalty.

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(Yogesh Dayal)  
Chief General Manager