



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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May 28, 2021

Reserve Bank of India imposes monetary penalty on HDFC Bank Limited

The Reserve Bank of India (RBI) has imposed, by an order dated May 27, 2021, a monetary penalty of ₹10.00 crore (Rupees ten crore only) on HDFC Bank Limited (the bank) for contravention of provisions of section 6(2) and section 8 of the Banking Regulation Act, 1949 (the Act). This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Act.

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.

Background

An examination of documents in the matter of marketing and sale of third-party non-financial products to the bank's customers, arising from a whistle blower complaint to RBI regarding irregularities in the auto loan portfolio of the bank, revealed, *inter alia*, contravention of the afore-said provisions of the Act and the regulatory directions. 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 contravention of the provisions of the Act/directions

After considering the bank's reply to the show cause notice, oral submissions made during the personal hearing and examination of further clarifications/documents furnished by the bank, RBI came to the conclusion that the aforesaid charge of contravention of provisions of the Act was substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager