



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 26, 2023

RBI imposes monetary penalty on Central Bank of India

The Reserve Bank of India (RBI) has, by an order dated May 25, 2023 imposed a monetary penalty of ₹84.50 lakh (**Rupees Eighty four lakh fifty thousand only**) on Central Bank of India (the bank) for non-compliance with certain provisions of '[Reserve Bank of India \(Frauds classification and reporting by commercial banks and select FIs\) directions 2016](#)' and '[Master Circular on Customer Service in Banks](#)'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) and 51 (1) of the Banking Regulation Act, 1949.

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 for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to its financial position as on March 31, 2021, and the examination of the Risk Assessment Report, Inspection Report and all related correspondences pertaining to the same revealed, *inter alia*, non-compliance with the aforesaid directions by the bank to the extent it (i) failed to report as fraud to RBI certain accounts within seven days of decision of Joint Lenders' Forum (JLF) to declare the accounts as fraud and (ii) recovered SMS alert charges from its customers on flat basis rather than on actual usage basis. 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 on it for failure to comply with the said directions, as stated therein.

After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty, to the extent of non-compliance with such directions.