



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## Reserve Bank of India imposes monetary penalty on Punjab & Sind Bank

The Reserve Bank of India (RBI) has, by an order dated June 01, 2022, imposed a monetary penalty of ₹27.50 lakh (Rupees Twenty-seven lakh and fifty thousand only) on Punjab & Sind Bank (the bank) for non-compliance with certain directions issued by RBI on 'External Benchmark Based Lending'. 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 (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 for Supervisory Evaluation of the bank was conducted by RBI with reference to its financial position as on March 31, 2020, and the examination of the Risk Assessment Report, Inspection Report and all related correspondence pertaining to the same, revealed non-compliance with the directions issued by RBI, *inter-alia*, to the extent the bank linked certain floating rate retail loans and floating rate loans to Micro and Small Enterprises, extended by it on or after October 01, 2019, to MCLR instead of an external benchmark. 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 directions issued by RBI, as stated therein.

After considering the bank's reply to the notice, oral submissions made in the personal hearing and examination of additional submissions made by it, 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.