



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)



संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस. मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, S.B.S. Marg, Fort, Mumbai - 400 001

फोन/Phone: 022 - 2266 0502

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

The Reserve Bank of India (RBI) has, by an order dated June 24, 2022, imposed a monetary penalty of ₹57.50 lakh (Rupees Fifty-seven lakh and fifty thousand only) on Indian Overseas Bank (the bank) for non-compliance with certain directions issued by RBI on '[Reserve Bank of India \(Frauds classification and reporting by commercial banks and select FIs\) directions 2016](#)', 'Creation of a Central Repository of Large Common Exposures - Across Banks' read with 'Central Repository of Information on Large Credits (CRILC) – Revision in Reporting' and 'Prudential Framework for Resolution of Stressed Assets', and '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 (i) failed to report certain instances of frauds involving ATM card cloning / skimming, to the RBI within three weeks from the date of detection, (ii) failed to ensure integrity and quality of data when it did not report credit information in CRILC on certain borrowers having aggregate exposure of ₹5 crore and above, and (iii) linked certain floating rate loans to Micro and Small Enterprises, extended by it on or after October 01, 2019, to MCLR/Base Rate 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 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.