



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 28, 2020

Reserve Bank of India imposes monetary penalty on DCB Bank Limited

The Reserve Bank of India (RBI) has, by an order dated October 28, 2020, imposed a monetary penalty of ₹ 22 lakh (Rupees Twenty Two lakh only) on DCB Bank Ltd. (the bank) for non-compliance with certain provisions of directions issued by RBI contained in the circular on [“Marketing/distribution of mutual fund/insurance etc., products by banks” dated November 16, 2009.](#)

The 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 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

An off-site examination of the records pertaining to the para-banking activity of the bank was conducted by RBI in a matter related to default on the National Spot Exchange Limited (NSEL). The off-site examination and the related correspondence revealed non-compliance with 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 on it for non-compliance with the directions. After considering the bank's reply to the notice, oral submissions made in the personal hearing and examination of additional submissions, RBI concluded that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager