



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 10, 2020

Reserve Bank of India imposes monetary penalty on Central Bank of India

Reserve Bank of India (RBI) has, by an order dated November 10, 2020, imposed a monetary penalty of ₹ 50 lakh (Rupees Fifty lakh only) on Central Bank of India (the bank) for non-compliance with certain provisions of directions issued by RBI contained in the circular on [“Housing Sector- Innovative Housing Loan Products – Upfront disbursement of housing loans”](#) dated September 3, 2013.

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 some housing loans disbursed by the bank was conducted by RBI. The examination and related documents revealed non-compliance with the abovementioned 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 hearings and examination of additional submissions, RBI concluded that the charges of non-compliance with the aforesaid directions were substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager