



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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September 27, 2021

## RBI imposes monetary penalty on RBL Bank Limited

The Reserve Bank of India (RBI) has, by an order dated September 27, 2021, imposed a monetary penalty of ₹2.00 crore (Rupees Two Crore only) on RBL Bank Limited (the bank) for contravention of section 28 (h) of the [Reserve Bank of India \(Interest Rate on Deposits\) Directions, 2016](#) and for non-compliance with the provisions of clause (b) of sub-section (2) of section 10A of the Banking Regulation Act, 1949 (the Act). For the non-compliance with the provisions of section 10 A (2) (b) of the Act, penalty is also imposed for the period during which the contravention or default continued. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) of the Act.

This action is based on 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, 2019 (ISE 2019). The examination of the Risk Assessment Report and Inspection Report pertaining to ISE 2019, RBI letter dated October 27, 2020 and related correspondence in the matter, revealed, *inter alia*, contravention of the regulatory directions and non-compliance with the provisions of the Act, to the extent of (i) opening of five savings deposit accounts in the name of a co-operative bank and (ii) failure to comply with the provisions of section 10A(2)(b) of the Act relating to composition of Board of Directors. 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 for contravention of / non-compliance with the provisions of the directions/Act, as stated therein.

After considering the bank's reply to the show cause notice, oral submissions made during the personal hearing and examination of additional submissions made by the bank, RBI came to the conclusion that the aforesaid charge of contravention of / non-compliance with the directions /Act were substantiated and warranted imposition of monetary penalty on the bank.