



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट: <http://www.rbi.org.in/hindi>
Website: www.rbi.org.in
ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001
Phone: 022- 22660502

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-40000. फोन: 022- 22660502

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Reserve Bank of India imposes monetary penalty on Dhanlaxmi Bank Ltd.

The Reserve Bank of India (RBI) has, by an order dated January 08, 2024, imposed a monetary penalty of ₹120.47 lakh (Rupees One crore twenty lakh and forty-seven thousand only) on Dhanlaxmi Bank Ltd. (the bank) for non-compliance with certain directions issued by RBI on 'Loans and Advances – Statutory and Other Restrictions', '[Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#)' and '[Reserve Bank of India \(Interest Rate on Deposits\) Directions, 2016](#)'. This penalty has been imposed in exercise of powers vested in RBI conferred 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

The Statutory Inspection for Supervisory Evaluation (ISE 2022) of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. The examination of the Risk Assessment Report/Inspection Report pertaining to ISE 2022, and all related correspondence in that regard, revealed, *inter alia*, non-compliance with the aforesaid directions by the bank, to the extent it (1) sanctioned loans to certain borrowers against pledge of gold ornaments and jewellery for non-agricultural purposes exceeding 75 per cent of the value of gold ornaments and jewellery, (ii) offered interest rate applicable to normal term deposits on certain senior citizen term deposits instead of higher rate of interest applicable to such deposits, (iii) did not obtain PAN or Form 60 for certain term deposit accounts (exceeding fifty thousand rupees), and (iv) allotted multiple

Customer Identification Code to certain individual customers instead of a Unique Customer Identification Code (UCIC) to each customer. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for the failure to comply with the directions issued by RBI, as stated therein.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI came to the conclusion that the aforementioned charge of non-compliance was substantiated and warranted imposition of monetary penalty.

(Yogesh Dayal)
Chief General Manager

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