



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## RBI imposes monetary penalty on IDFC First Bank Limited

The Reserve Bank of India (RBI) has, by an order dated March 27, 2024 imposed a monetary penalty of ₹1.00 crore (Rupees One crore only) on IDFC First Bank Limited (the bank) for non-compliance with certain directions issued by RBI on 'Loans and Advances – Statutory and Other Restrictions'. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) of the Banking Regulation Act, 1949.

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. Based on supervisory findings of non-compliance with RBI directions / statutory provisions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI found, *inter alia*, that the following charge against the bank was sustained warranting imposition of monetary penalty. The bank had sanctioned term loans to a public sector undertaking for financing infrastructure projects, (i) without undertaking due diligence on the viability and bankability of the projects to ensure that revenue streams from the projects were sufficient to take care of the debt servicing obligations and (ii) the repayment / servicing of the said term loans was made out of budgetary resources.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transactions or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

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(Yogesh Dayal)  
Chief General Manager