



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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April 25, 2025

Reserve Bank of India imposes monetary penalty on Indian Overseas Bank

The Reserve Bank of India (RBI) has, by an order dated April 17, 2025, imposed a monetary penalty of ₹63.60 lakh (Rupees Sixty three lakh sixty thousand only) on Indian Overseas Bank (the bank) for non-compliance with certain directions issued by RBI on 'Credit Flow to Agriculture- Collateral free agricultural loans' and '[Lending to Micro, Small & Medium Enterprises \(MSME\) Sector](#)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949.

The Statutory Inspection for Supervisory Evaluation (ISE 2023) of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with RBI directions 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, additional submissions made by it and oral submissions made during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

- i. The bank had obtained collateral security for agricultural loans up to ₹1.60 lakh in certain cases and
- ii. The bank had obtained collateral security for loans up to ₹10 lakh extended to certain Micro and Small Enterprises (MSEs).

The 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. 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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(Puneet Pancholy)
Chief General Manager