



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 31, 2025

RBI imposes monetary penalty on Equitas Small Finance Bank Limited

The Reserve Bank of India (RBI) has, by an order dated January 20, 2025, imposed a monetary penalty of ₹65 lakh (Rupees Sixty Five Lakh only) on Equitas Small Finance Bank Limited (the bank) for non-compliance with certain directions issued by RBI on 'Levy of Foreclosure Charges/Pre-payment Penalty on Floating Rate Term Loans' and 'Credit Flow to Agriculture – Collateral free agricultural loans'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949.

The Statutory Inspection for Supervisory Evaluation (ISE) 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 RBI directions.

After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI found that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank:

- levied foreclosure charges on certain floating rate term loans sanctioned to individual borrowers for purposes other than business; and
- obtained collateral security for certain agricultural loans amounting up to ₹1.6 lakh.

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. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.