

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2524

Answered on the December 18, 2023/Agrahayana 27, 1945 (Saka)

Scrutiny of Banks by RBI

2524. SHRI DHAIRYASHEEL SAMBHAJIRAO MANE:
SHRI PRATAPRAO JADHAV:
SHRI SHRIRANG APPA BARNE:
SHRI SANJAY SADASHIVRAO MANDLIK:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has enhanced the scrutiny of banks, non-banks and other regulated entities and if so, the details thereof;
- (b) whether it is true that RBI has slapped heavy penalties on banks, non-banks and other entities and if so, the details in this regard;
- (c) the details of action taken by the RBI against those banks and other entities who have not fulfilled the RBI guidelines;
- (d) the various tools and measures used/being used by the RBI to monitor the lender; and
- (e) the details of other steps taken/being taken by the RBI to stop the lender from indulging in unethical activities?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (e): As per inputs received from the Reserve Bank of India (RBI), it conducts inspections of the regulated entities (REs) under extant provisions of various statutes such as the Banking Regulation Act, 1949 and the Reserve Bank of India Act, 1934. With the enhanced offsite and onsite capabilities, the focus and scope of such inspections have improved in recent times.

Further, all banks and other REs, are required to comply with the guidelines issued by RBI from time to time. RBI examines the compliance to its guidelines on sample basis during the supervisory assessment and any non-compliance are taken up with the respective supervisory entities for rectification apart from initiating supervisory/ enforcement action, as deemed fit.

RBI has further informed that it is mandated to take enforcement action as per Enforcement Policy and Framework approved by Board for Financial Supervision of RBI, in the form imposition of monetary penalty on REs for contraventions of different statues and directions issued thereunder. The details of monetary penalty imposed by RBI on banks and other entities during FY 2022-23 are as follow:

REs	Number of penalties	Total Penalty (₹ crore)
Cooperative Banks	176	14.04
Private Sector Banks	7	12.17
Foreign Banks	5	4.65
Non-Banking Finance Companies (NBFCs)	11	4.39
Public Sector Banks	7	3.65
Small Finance Banks	2	0.97
Regional Rural Banks	1	0.42
Housing Finance Companies (HFCs)	2	0.10

RBI has issued guidelines on fair practices code to be adopted by banks, NBFCs and HFCs, and these guidelines cover various aspects related to lending such as transparency and disclosure of various terms and conditions of loan and changes therein, inappropriate behaviour during recovery of loans, release of securities after repayment of loan, loan appraisal etc.
