

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**  
**UNSTARRED QUESTION NO. †3389**

TO BE ANSWERED ON THE 9<sup>TH</sup> DECEMBER 2019/ AGRAHAYANA 18, 1941 (SAKA)

**RBI Guidelines**

†3389. SHRIMATI RAMA DEVI:  
SHRI SADASHIV KISAN LOKHANDE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) as a banking regulator can impose penalties on any public/private/foreign banks for non-compliance with its guidelines;
- (b) if so, the details of the non-compliance with the guidelines issued by the RBI during the last three years;
- (c) the reasons for not imposing the said penalty on any banks so far by the RBI;
- (d) the reaction of the Government thereto; and
- (e) the corrective steps taken by the Government in this regard?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) to (e): Reserve Bank of India (RBI), can impose penalties on banks as per the provisions of the Banking Regulation Act, 1949. Such Penalties are imposed on banks for non-adherence/non-compliance to RBI guidelines, relating to *inter-alia*, Know Your Customer (KYC) /Anti-Money Laundering (AML) / Combating of Financing of Terrorism (CFT) norms, regulatory restrictions pertaining to loans and advances, regulatory restrictions pertaining to non-fund based facilities, fraud – classifications and reporting, and the cyber security framework in banks. RBI has apprised that penalty on bank is imposed based on the materiality and seriousness of violations, after giving the bank a reasonable opportunity to present its views. Penalties amounting to Rs. 266.51 crore have been imposed on 123 occasions.

RBI has further informed that with a view to developing a sound framework and process for enforcement action, a separate Enforcement Department (EFD) has been established within RBI with effect from 3.4.2017 as a centralised department to speed up regulatory compliance.

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