



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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April 05, 2024

RBI imposes monetary penalty on LIC Housing Finance Limited

The Reserve Bank of India (RBI) has, by an order dated March 27, 2024, imposed a monetary penalty of ₹49,70,000/- (Rupees Forty-Nine Lakh Seventy Thousand only) on LIC Housing Finance Limited (the company) for non-compliance with certain provisions of the '[Non-Banking Financial Company - Housing Finance Company \(Reserve Bank\) Directions, 2021](#)' issued by RBI. This penalty has been imposed in exercise of powers vested in RBI conferred under section 52A of the National Housing Bank Act, 1987.

The statutory inspection of the company was conducted by the National Housing Bank with reference to its financial position as on March 31, 2022. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the company 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 company's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, *inter alia*, that the following charge against the company was sustained, warranting imposition of monetary penalty. The company did not comply with certain provisions of Fair Practices Code contained in the said directions, when it i) did not disclose rate of interest and approach for gradation of risk and rationale for charging different rate of interest to different categories of borrowers in loan application forms and sanction letters and ii) had charged pre-payment penalty in housing loans on (a) floating rate basis which were pre-closed from any source and (b) fixed rate basis which were pre-closed from borrowers' own sources.

This 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 company with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.