

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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RBI imposes monetary penalty on Union Bank of India

The Reserve Bank of India (RBI) has, by an order dated November 25, 2021, imposed a monetary penalty of ₹1 Crore (Rupees One Crore only) on Union Bank of India (the bank), for non-compliance with the certain provisions of directions issued by RBI contained in "[Reserve Bank of India \(Fraud - Classification and Reporting by commercial banks and select FIs\) Directions 2016](#)" and "[Guidelines on Sale of Stressed Assets by Banks](#)". This penalty has been imposed in exercise of powers vested in 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 Act).

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.

Background

The Statutory Inspection for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to its financial position as on March 31, 2019 (ISE 2019) and the examination of the Risk Assessment Report, Inspection Report and all the related correspondences pertaining to ISE 2019, revealed, *inter alia*, non-compliance with the above-mentioned directions to the extent of (i) failure to classify an account as Red Flag Account despite presence of Early Warning Signals and (ii) failure to disclose ageing of and provisioning for Security Receipts (SRs) in its Annual Report. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for non-compliance with the RBI directions, as stated therein.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and additional submissions made by the bank, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty on the bank, to the extent of non-compliance with the aforesaid directions.