



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

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August 30, 2024

## RBI imposes monetary penalty on UCO Bank

The Reserve Bank of India (RBI) has, by an order dated August 26, 2024, imposed a monetary penalty of ₹2,68,30,000 (Rupees Two crore sixty eight lakh and thirty thousand only) on UCO Bank (the bank) for contravention of provisions of section 26A of the Banking Regulation Act, 1949 (BR Act), and non-compliance with certain directions issued by RBI on 'Interest Rate on Advances', 'Opening of Current Accounts by Banks - Need for Discipline', 'Interest Rate on Deposits' and 'Frauds classification and reporting by commercial banks and select FIs'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) and section 51(1) of BR Act.

The Statutory Inspection for Supervisory Evaluation (ISE 2022) of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. Based on supervisory findings of contravention of BR Act/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 maximum penalty should not be imposed on it for its failure to comply with the provisions of BR Act and RBI directions.

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

The bank:

- failed to benchmark floating rate personal/ retail loans and loans to MSME to an external benchmark;
- opened certain current accounts of non-constituent borrowers, whose exposure to the banking system was ₹5 crore or more;
- opened certain savings deposit accounts in the name of ineligible entities;
- marked lien against certain NRE savings deposits;
- failed to transfer unclaimed balances in certain fixed deposits, which remained unclaimed for a period of more than ten years, to Depositors Education and Awareness Fund, within a period of three months from the expiry of the said period of ten years; and
- failed to report certain cases of fraud to law enforcement agencies.

The action is based on deficiencies in statutory and 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.

(Puneet Pancholy)  
Chief General Manager