

**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

October 13, 2023

**RBI imposes monetary penalty on Union Bank of India**

The Reserve Bank of India (RBI) has, by an order dated October 03, 2023, imposed a monetary penalty of ₹1 Crore (Rupees One Crore only) on Union Bank of India (the bank) for non-compliance with directions issued by RBI on 'Loans and Advances – Statutory and Other Restrictions'. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 51(1) of the Banking Regulation Act, 1949.

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 2021) of the bank was conducted by RBI with reference to its financial position as on March 31, 2021. The examination of the Risk Assessment Report / Inspection Report pertaining to ISE 2021, and all related correspondence in that regard revealed, *inter alia*, non-compliance with the aforesaid directions by the bank, to the extent it sanctioned a term loan to a Corporation (i) in lieu of or to substitute budgetary resources envisaged for certain projects; (ii) without undertaking due diligence on the viability and bankability of the projects to ensure that revenue streams from the projects were sufficient to take care of the debt servicing obligations; and (iii) the repayment / servicing of which was made out of budgetary resources. 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 failure to comply with the said direction, as stated therein.

After considering the bank's reply to the notice, and oral submissions made during the personal hearing, 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.