



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 20, 2021

Reserve Bank of India imposes monetary penalty on City Union Bank Limited

The Reserve Bank of India (RBI) has imposed, by an order dated May 19, 2021, a monetary penalty of ₹1 Crore (Rupees one Crore only) on City Union Bank Limited (the bank) for contravention of/non-compliance with certain provisions of the directions contained in the [Reserve Bank of India \(Lending to Micro, Small & Medium Enterprises \(MSME\) Sector\) Directions, 2017](#) and the circulars on Educational Loan Scheme and Credit Flow to Agriculture – Agricultural Loans – Waiver of Margin/Security Requirements. The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) 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 of the bank with reference to its financial position as on March 31, 2019 and the Risk Assessment Report (RAR) pertaining thereto revealed, *inter alia*, non-compliance with the afore-said directions issued by RBI. 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 for failure to comply with the directions issued by RBI. After considering the bank's replies to the notices, oral submissions made in the personal hearing and examination of additional submissions made by it, RBI came to the conclusion that the charges of non-compliance with the aforesaid RBI directions were substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager