

प्रेस प्रकाशनी PRESS RELEASE



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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July 05, 2024

Reserve Bank of India imposes monetary penalty on Punjab National Bank

The Reserve Bank of India (RBI) has, by an order dated July 03, 2024 imposed a monetary penalty of ₹1,31,80,000 (Rupees One crore thirty one lakh eighty thousand only) on Punjab National Bank (the bank) for non-compliance with certain directions issued by RBI on 'Loans and Advances – Statutory and Other Restrictions', and '[Reserve Bank of India \(Know Your Customer \(KYC\) Direction, 2016](#)'. 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 section 51(1) of the Banking Regulation Act, 1949.

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 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 penalty should not be imposed on it for its failure to comply with the directions. After considering the bank's reply to the notice 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 (i) sanctioned working capital demand loans to two State Government owned Corporations against amounts receivable from Government by way of subsidies/ refunds/ reimbursements, and (ii) failed to preserve the records pertaining to the identification of customers and their addresses obtained during the course of business relationship in certain accounts.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transactions 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.

Press Release: 2024-2025/642

(Puneet Pancholy)
Chief General Manager