



**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)

इ-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022-2266 0502

August 02, 2019

**Reserve Bank of India imposes monetary penalty on seven banks**

The Reserve Bank of India (RBI) has, by an order dated July 31, 2019, imposed monetary penalty on seven banks for non-compliance with certain provisions of directions issued by RBI on “Code of Conduct for Opening and Operating Current Accounts”, “Opening of Current Accounts by Banks - Need for Discipline”, “Discounting/ Rediscounting of Bills by Banks”, “Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) directions 2016”, “End Use of Funds – Monitoring ” and “Deposits on Balance Sheet Date”, as detailed below:

Sl. No.	Name of the bank	Amount of penalty (₹ in crore)
1.	Allahabad Bank	2.0
2.	Bank of Baroda	1.5
3.	Bank of India	1.5
4.	Bank of Maharashtra	2.0
5.	Indian Overseas Bank	1.5
6.	Oriental Bank of Commerce	1.0
7.	Union Bank of India	1.5

The penalties have 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, taking into account the failure of the banks to adhere to the aforesaid directions issued by RBI. 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 banks with their customers.

**Background**

A scrutiny was carried out by RBI in the accounts of the companies of a Group and it was observed that the banks had failed to comply with provisions of one or more of the directions issued by RBI as mentioned above. Based on the findings of the scrutiny, Notices were issued to the banks advising them to show cause as to why penalty should not be imposed for non-compliance with the directions. After considering the replies received from the banks, oral submissions made in the personal hearings, where sought by the banks, and examination of additional submissions, if any, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were sustained and warranted imposition of monetary penalty on aforementioned seven banks, based on the extent of non-compliance in each bank.

**Press Release: 2019-2020/321**

**Yogesh Dayal**  
Chief General Manager