



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



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

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

फोन/Phone: 022- 22660502

November 26, 2021

Reserve Bank of India imposes monetary penalty on State Bank of India

The Reserve Bank of India (RBI) has, by an order dated November 16, 2021, imposed a monetary penalty of ₹1.00 Crore (Rupees One Crore only) on State Bank of India (the bank) for contravention of sub-section (2) of section 19 of the Banking Regulation Act, 1949 (the Act). This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with sections 46 (4) (i) and 51 (1) of the Act.

This action is based on 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 Inspections for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to its financial positions as on March 31, 2018 and March 31, 2019 and the examination of the Risk Assessment Reports, Inspection Report and all related correspondence pertaining to the same, revealed, *inter-alia*, contravention of sub-section (2) of section 19 of the Act to the extent the bank held shares in borrower companies, as pledgee, of an amount exceeding thirty per cent of paid-up share capital of those companies. 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 contravention of the aforesaid provisions of the Act, as stated therein.

After considering the bank's reply to the notice, oral submissions made during the personal hearing, and additional submissions made by the bank, RBI came to the conclusion that the charge of contravention of the aforesaid provisions of the Act was substantiated and warranted imposition of monetary penalty on the bank, to the extent of contravention of the aforesaid provisions of the Act.