



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## RBI imposes monetary penalty on State Bank of India

The Reserve Bank of India (RBI) has, by an order dated March 15, 2021, imposed a monetary penalty of ₹2 Crore (Rupees Two Crore only) on State Bank of India (the bank) for contravention of provisions of section 10 (1) (b) (ii) of the Banking Regulation Act, 1949 (the Act) and specific directions of RBI issued to the bank on payment of remuneration to employees in the form of commission. 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 inspection of the bank with reference to its financial position as on March 31, 2017 and March 31, 2018 and the Risk Assessment Reports (RARs) pertaining thereto, and examination of the correspondence with the bank regarding payment of remuneration to its employees in the form of commission, revealed, *inter alia*, contravention of the provisions of the Act and aforesaid specific 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 contravention of the provisions of the Act/ specific directions issued by RBI. After considering the bank's replies to the notice, oral submissions made in the personal hearing and examination of additional submissions made by it, RBI came to the conclusion that the aforesaid charges were substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)  
Chief General Manager