



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 25, 2023

RBI imposes monetary penalty on Punjab & Sind Bank

The Reserve Bank of India (RBI) has, by an order dated September 21, 2023, imposed a monetary penalty of ₹1.00 crore (Rupees One crore only) on Punjab & Sind Bank (the bank) for non-compliance with the provisions of sub-section (2) of Section 26A of the Banking Regulation Act, 1949 (BR Act) read with directions issued by RBI on 'The Depositor Education and Awareness Fund Scheme, 2014-Section 26A of Banking Regulation Act, 1949-Operational Guidelines'. This penalty has 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 BR 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 for Supervisory Evaluation (ISE 2021) of the bank was conducted by RBI with reference to its financial position as on March 31, 2021. The examination of the Risk Assessment Report/Inspection Report pertaining to ISE 2021, and all related correspondence, revealed, *inter alia*, non-compliance with the aforesaid provisions of the BR Act and RBI directions by the bank, to the extent it failed to credit eligible amount to Depositor Education and Awareness Fund within the period prescribed under Section 26A of the BR Act. 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 failure to comply with the provisions of the BR Act and the directions issued by RBI, as stated therein.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and additional submissions made by it, RBI came to the conclusion that the charge of non-compliance with the provisions of the BR Act and the RBI directions was substantiated and warranted imposition of monetary penalty on the bank.