



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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February 26, 2024

## RBI imposes monetary penalty on State Bank of India

The Reserve Bank of India (RBI) has, by an order dated February 26, 2024, imposed a monetary penalty of **₹2.00 crore (Rupees Two Crore only)** on State Bank of India (the bank) for contravention of provisions of sub-section (2) of Section 19 of the Banking Regulation Act, 1949 (the BR Act), and sub-section (2) of Section 26A of the BR Act read with the Depositor Education Awareness Fund Scheme, 2014. 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 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 2022) of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. The examination of the Risk Assessment Report/Inspection Report pertaining to ISE 2022, and all related correspondence in that regard, revealed, *inter alia*, that it (i) held shares as pledgee of an amount exceeding thirty per cent of paid-up share capital of certain companies and (ii) failed to credit eligible amount to Depositor Education and Awareness Fund within the period prescribed in the BR Act. Consequently, 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 provisions of the BR 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 it, RBI came to the conclusion that the aforementioned charge of contravention of certain provisions of the BR Act was substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)  
Chief General Manager