



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 09, 2025

RBI imposes monetary penalty on Jana Small Finance Bank Limited

The Reserve Bank of India (RBI) has, by an order dated May 07, 2025, imposed a monetary penalty of ₹1.00 crore (Rupees One Crore only) on Jana Small Finance Bank Limited (the bank) for contravention of provision of Section 12B(5) of the Banking Regulation Act, 1949 (BR Act). This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the BR Act.

The bank had raised paid-up share capital through issue / allotment of Compulsory Convertible Preference Shares (CCPS) to certain persons. This was examined *vis-à-vis* the requirement under Section 12B(5) of the BR Act and a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the statutory provision.

After considering the bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found that the following charge against the bank was sustained, warranting imposition of monetary penalty:

The bank issued / allotted CCPS to certain persons, which taken along with equity share capital held by them, made such persons to hold more than permitted percentage of the paid-up share capital of the bank. It was not ensured that such persons have obtained previous approval of RBI as required under Section 12B(1) of the BR Act.

This action is based on deficiencies in statutory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.