

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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June 16, 2023

RBI imposes monetary penalty on Manappuram Finance Limited

The Reserve Bank of India (RBI) has, by an order dated June 12, 2023, imposed a monetary penalty of ₹20.00 lakh (Rupees Twenty lakh only) on Manappuram Finance Limited, Thrissur (the company) for non-compliance with certain provisions of the “Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 58G (1) (b) read with section 58B (5) (aa) of the Reserve Bank of India Act, 1934.

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 company with its customers.

Background

The statutory inspection of the company was conducted by RBI with reference to its financial position as on March 31, 2021 and examination of the Risk Assessment Report, Inspection Report, supervisory letter and all related correspondence pertaining to the same revealed, *inter alia*, non-compliance with the aforesaid directions by the company to the extent (i) it did not classify certain gold loan accounts with overdues of more than 90 days as Non-Performing Assets (NPAs), and (ii) it did not ensure maintenance of the mandated Loan-to-Value (LTV) ratio in certain gold loan accounts during FY 2020-21. In furtherance to the same, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for failure to comply with the RBI directions, as stated therein.

After considering the company’s reply to the notice, examination of additional submissions made by it and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty.