



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 19, 2020

Reserve Bank of India imposes monetary penalty on Muthoot Finance Limited

The Reserve Bank of India (RBI) has imposed, by an order dated November 19, 2020, a monetary penalty of ₹10.00 lakh (Rupees Ten lakh only) on Muthoot Finance Limited, Ernakulam (the company), for non-compliance with directions issued by RBI on maintenance of Loan to Value ratio in gold loans and on obtaining copy of PAN card of the borrower while granting gold loans in excess of ₹ 5.00 lakh, contained in [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 clause (b) of sub-section (1) of section 58 G read with clause (aa) of sub-section (5) of section 58B of the Reserve Bank of India Act, 1934, taking into account the failure of the company to adhere to the aforesaid directions issued by RBI. 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 company with its customers.

Background

The statutory inspection of Muthoot Finance Limited with reference to its financial position as on March 31, 2018 and March 31, 2019, revealed, *inter alia*, non-compliance with the abovementioned directions issued by RBI. 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 for failure to comply with the directions issued by RBI. After considering the company's reply to the notice, oral submissions made during the personal hearings and examination of additional submissions made by it, RBI concluded that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager