



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 06, 2024

RBI imposes monetary penalty on Power Finance Corporation Limited

The Reserve Bank of India (RBI) has, by an order dated February 6, 2024 imposed a monetary penalty of ₹8.80 lakh (Rupees Eight lakh eighty thousand only) on Power Finance Corporation Limited, New Delhi (the company) for non-compliance with certain provisions of the RBI's directions on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Reserve Bank of India Act, 1934 (RBI 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 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, 2022 and examination of the Risk Assessment Report, Inspection Report, supervisory letter and all related correspondence pertaining to the same revealed, *inter alia*, that the company had not maintained the prescribed Liquidity Coverage Ratio (LCR) of 60% as on March 31, 2022 as a result of inclusion of ineligible assets as High Quality Liquid Assets (HQLA) for the computation of the LCR. Consequently, 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.

(Yogesh Dayal)
Chief General Manager