

	प्रेस प्रकाशनी PRESS RELEASE
<p>संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001 DEPARTMENT OF COMMUNICATION, Central Office, S.B.S. Marg, Mumbai 400001 फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279</p>	 <p>भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA</p> <p>वेबसाइट : www.rbi.org.in/hindi Website : www.rbi.org.in ई-मेल email: helpdoc@rbi.org.in</p>

June 4, 2008

**Sahara India Financial Corporation Ltd (SIFCL)
Prohibited from accepting deposits**

The Reserve Bank of India in exercise of powers vested in it under Section 45K and 45MB(1) of the Reserve Bank of India Act, 1934, has prohibited with immediate effect Sahara India Financial Corporation Ltd., having its registered office at 1, Sahara Bhavan, Kapoorthala Complex, Aliganj, Lucknow-226024 from accepting public deposits from any person in any form whether by way of fresh deposits or renewal of the deposits or otherwise.

SIFCL, a Residuary Non-Banking Company, was issued a Show Cause Notice (SCN). In response to the SCN, the company had sought a personal hearing, which was granted. The company also requested for extension of time for giving its written submissions, which was granted. The submissions received were carefully examined. The Reserve Bank of India has come to the conclusion that the SIFCL had continuously violated directions/guidelines, inter-alia, as mentioned below :

- (i) Maintenance of directed investments in violation of para 6(1)RNBC (RB) Directions, 1987.
- (ii) Payment of minimum rate of interest prescribed under para 5 of RNBC (RB) Directions, 1987.
- (iii) ALM guidelines stipulated in Company Circular 15 dated June 27, 2001.
- (iv) KYC norms stipulated for opening of deposit accounts and the details on the agents of the company deployed for deposit mobilisation, in Company Circular No. 48 dated February 21, 2005 and 46 dated December 30, 2004.
- (v) Intimating depositors in time of maturity of their deposits and repayment of deposits on maturity in terms of directions in para 5A of RNBC (RB) Directions, 1987.

In view of the above, on being satisfied that to protect the interests of depositors and in public interest, it is necessary and expedient so to do, in exercise of the powers vested in RBI under Sections 45K and 45 MB(1) of RBI Act, 1934, RBI hereby passes the following order.

(i) SIFCL is hereby prohibited with immediate effect from accepting any deposit in whatsoever manner including instalments under any running daily deposit or other recurring deposit schemes or otherwise, either from its existing depositors or new depositors whether by way of renewal or otherwise.

(ii) SIFCL shall repay the deposits as and when they mature.

(iii) SIFCL shall not treat non-payment of instalments under any running daily deposit or other recurring deposit schemes by depositors after the date of this Order, as a default by depositor and SIFCL shall be liable to pay the agreed rate of interest on the amounts actually held by it for the entire term of the deposit as if there was no default.

(iv) SIFCL shall lodge all securities held in its custody with the designated bank for custody

(v) SIFCL subject to (i) (ii) (iii) above shall strictly comply with the requirements of all the applicable provisions of the RBI Act, the directions, guidelines, instructions and circulars issued by RBI there-under from time to time until such time as all the deposits are repaid with interest in full. For repaying the depositors, SIFCL shall first apply its income and investments other than the investments it is required to maintain under paragraph 6 of RNBC Directions. SIFCL shall ensure that the investments as directed in paragraph 6 of RNBC Directions are maintained with respect to its aggregate liability to depositors both towards principal and interest.

(vi) SIFCL shall forthwith notify all its agents and employees that it has been prohibited from accepting deposits and shall paste a copy of the operative portion of this Order in a conspicuous place at each of its branches and offices.

(vii) SIFCL shall, without prejudice to the above, be entitled to carry on its other business activities in accordance with law.

Alpana Killawala
Chief General Manager

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