



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI imposes Monetary Penalty on M/s Shriram City Union Finance Ltd.

The Reserve Bank of India (RBI) has imposed a monetary penalty of ₹20 lakh on M/s Shriram City Union Finance Ltd. (the company) under section 58G(1)(b) read with sub-section 5(aa) of section 58B of the RBI Act, 1934 for violation of directions/orders issued by Reserve Bank of India from time to time.

Background

A scrutiny of sample loan accounts of the company was conducted under section 45N of Reserve Bank of India Act, 1934 (the RBI Act, 1934) during November, 2015. It was observed that the company has violated various provisions of the Fair Practices Code guidelines issued by the Bank under Section 45 L of the RBI Act, 1934. On account of various contraventions to RBI Directions as observed during the scrutiny, the company was issued a Show Cause Notice (SCN) on August 1, 2016 for imposition of penalty. The company's response to the SCN was not found to be satisfactory. The company was also accorded a personal hearing by RBI under section 58G (2) of the RBI Act, 1934 on February 14, 2017. After considering the facts of the case and the company's reply, as also, personal submissions made during the hearing, RBI came to the conclusion that the violations as observed during scrutiny were substantiated which warranted imposition of monetary penalty on the company. Accordingly, a penalty of ₹20 lakh has been imposed on the company.

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