



**Banking and Finance - Certificate of
Registration - Cancellation - Reserve
Bank of India Act, 1934 - Sections
45-IA(6), 58B**

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Petitioners were non-banking financial companies having Certificate of registration issued by the Reserve Bank of India - Respondent /officers of Reserve Bank of India found that Net owned fund of Petitioners companies is not two hundred lakhs rupees

Respondents canceled Certificate of Registration issued in favor of petitioners for non-compliance of the condition of having required Net owned fund, as notified by RBI

Petitioners claimed that order passed by Respondent for cancellation of registration certificate violated the principles of natural justice as no opportunity of being heard was given to them before passing such order

Whether, order passed by respondents canceling certificate of registration issued in favor of petitioners by violating their principles of natural justice was justified?

Held, as per Section 45-IA(6) of the Act, before cancellation of certification of registration, every company shall be given opportunity of being hearing to comply with statutory provision

According to Section 45-IA(3) of the Act, three years time must be given to all Non-banking Financial Companies to fulfill the requirement of Net owned fund as notified by RBI


As per statutory provision, Reserve Bank of India was authorized to extend time limit up to six years for Non-banking financial companies to comply with requirement of Net owned fund

Petitioners sought extension of time but respondents did not consider the same

Respondent without proper application of mind canceled the certificate of registration issued in favor of petitioners

Order passed by Respondents was set aside

Respondents were directed to restore certificate of registration in favor of petitioners to extend time for compliance of requirement under section 46-IA of the Act - Petitions allowed.





THANK YOU

