

RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING SUPERVISION
CENTRAL OFFICE
CENTRE I, WORLD TRADE CENTRE,
CUFFE PARADE, COLABA,
MUMBAI 400 005.

Notification No. DNBS. 189 / CGM(PK)-2006

December 06, 2006

The Reserve Bank of India, having satisfied that, in the public interest, and to enable the Bank to regulate the financial system of the country to its advantage, it is necessary to amend the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 , in exercise of the powers conferred by sections 45J, 45JA, 45K and 45L of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said directions contained in Notification No.DFC.118/DG(SPT)-98 dated January 31, 1998 shall stand amended with immediate effect as follows, namely -

1. In paragraph 2(1), before clause(i), the following clause shall be inserted:

"(ia) "Asset Finance Company" means any company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive / economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines.

2. Clause (ii) of paragraph 2(1) shall be deleted.

3. Clause (iv) of paragraph 2(1) shall be deleted.

4. The clause (viii) of paragraph 2(1) shall be substituted as under:

"loan company" means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company";

5. In clause (xi) of paragraph 2(1), for the words "a hire purchase finance company or an equipment leasing company", the words " an asset finance company" shall be substituted.

6. In clause (ii) of paragraph 2(3) for the words "a hire purchase finance company or an equipment leasing company", the words " an asset finance company" shall be substituted.

7. The note attached to clause (ii) of paragraph 2(3) shall be deleted.

8. In the heading of sub-paragraph 4 of paragraph 4, for the words "Equipment Leasing Company (ELC), Hire Purchase Finance Company (HPFC)", the words "Asset Finance Company (AFC)" shall be substituted.

9. In the first line of sub-paragraph 4 of paragraph 4, for the words “equipment leasing company or hire purchase finance company”, the words “asset finance company” shall be substituted.
10. In the proviso to clause (i) of paragraph 4(1), for the words "an Equipment Leasing or Hire Purchase Finance Company", the words "an Asset Finance Company" shall be substituted.
11. In the sub-heading of paragraph 4(4)(a) and (b), for the abbreviations "EL/HPFC" the abbreviation "AFC" shall be substituted.
12. In sub-paragraphs (a) and (b) of paragraph 4(4) for the words “equipment leasing company or a hire purchase finance company”, the words “ Asset Finance Company” shall be substituted.
13. In sub-heading of clause (i) of paragraph 4(5), for the abbreviations "ELC/HPFC", the abbreviation, "AFC" shall be substituted.
14. In clause(i) of paragraph 4(5), for the words “equipment leasing company or a hire purchase finance company”, the words “Asset Finance Company” shall be substituted.
15. In paragraph 4(6), for the words “equipment leasing company or a hire purchase finance company” the words “Asset Finance Company” shall be substituted.
16. In sub-clause (a) of clause (ii) of paragraph 4(12), for the words “equipment leasing company or a hire purchase finance company” the words “Asset Finance Company” shall be substituted.
17. In paragraph 9(2),for the words “a hire purchase finance company or an equipment leasing company” the words “an Asset Finance Company” shall be substituted.

(P. Krishnamurthy)
Chief General Manager In-Charge