

**Notification No. DNBS.143/CGM(VSNM)-2000 dated June 30, 2000**

The Reserve Bank of India, having considered it necessary in the public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Residuary Non-Banking Companies (Reserve Bank) Directions, 1987, hereby, in exercise of the powers conferred by Section 45J, 45K, 45L and 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and all the powers enabling it in this behalf, directs that the said Directions contained in Notification No.DFC.55/DG(O)-87 dated the 15<sup>th</sup> May 1987 stand amended, with immediate effect, as follows, namely :-

1. After paragraph 4 C, a new paragraph 4 D shall be inserted, -

**“Mandatory compliance with Prudential Norms**

4 D A residuary non-banking company shall not accept or renew deposits without complying with all the requirements of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 as contained in Notification No. DFC. 119 /DG(SPT)-98 dated January 31, 1998.”

2. Paragraph 5 shall be substituted by the following, namely, -

“5. On and from July 1, 2000, the amount payable by way of interest, premium, bonus or other advantage, by whatever name called, by a residuary non-banking company in respect of deposits received from that date, shall not be less than the amount calculated -

(i) at the rate of 6 per cent per annum (to be compounded annually) on the amount deposited in lump sum or at monthly or longer intervals; and

(ii) at the rate of 4 per cent per annum (to be compounded annually) on the amount deposited under daily deposit schemes.”

Provided that where at the request of depositor, a residuary non-banking company makes repayment of the deposit after the expiry of a period of one year but before the expiry of the period for which the deposit had been accepted, the amount payable by the company by way of interest, premium, bonus or other advantage on such deposit shall be reduced by one percentage point from the rate which the company would have ordinarily paid by way of interest, bonus, premium or other advantage, had the deposit been accepted for the period for which such deposit had run.

3. In paragraph 6, in sub-paragraph (1), the clause (b), the sub-clause (i), shall be substituted by the following, namely, -

(i) not more than two percent of the aggregate amount of the liabilities to the depositors shall be invested in any scheme/s of a Mutual Fund which is governed by

the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the aggregate of such investment shall not exceed ten per cent of the aggregate amount of liabilities to the depositors:

Provided that the investment in any scheme/s of Unit Trust of India may be upto ten per cent of the aggregate amount of liabilities to the depositors.”

4. Schedule A appended to the said Directions stands substituted by Return NBS 1A appended hereto.

Sd/-  
( V.S.N. Murty )  
Chief General Manager-In-Charge

Encls : NBS-1A