

RESERVE BANK OF INDIA

Fax: 022 2150540
Telephone 2188122

Department of Non- Banking Supervision,
Central Office, Centre 1, Cuffe Parade, Colaba, Mumbai, 400005

Telex 011 86135
RBI IN

Telegram :
PARYAVEKSHAN

Acceptance of public deposits for NBFCs – Submission of statutory return on liquid assets and special return

Ref DNBS. No. (PD) CC.8/02.01/98-99
January 21, 1999

.....
.....
.....
.....

Dear Sir,

Acceptance of public deposits for NBFCs –
Submission of statutory return on
liquid assets and special return

In terms of section 45-IA of the reserve Bank of India Act, 1934, no Non-Banking Financial Company can commence or carry on the business of a Non-Banking Financial Institution without

- (a) obtaining a certificate of registration issued under this Chapter; and
- (b) having the net owned fund (NOF) of twenty five lakhs rupees or such other amount, not exceeding two hundred lakhs, as the bank may by notification in the Official Gazette, specify.

While the NBFCs having net owned fund of Rs.25 lakhs and above are primarily eligible for issue of certificate of registration subject to their fulfilment of the criteria as specified in sub-section (4) of section 45-IA, those having NOF below Rs.25 lakhs have been given a period of 3 years for attaining the minimum NOF prescribed under the Statute. This period can be further extended by three more years at the discretion of the Reserve Bank of India and during the interregnum, they can carry on their business till a decision is taken on the application for registration. These companies are, however, required to comply with all the provisions of the RBI Act, as applicable to them and the directions issued thereunder.

2. You are aware that the Reserve Bank of India have shifted the focus of regulation to the NBFCs accepting / holding public deposits. They are required to maintain liquid assets at a specified percentage of such deposits outstanding at the end of second preceding quarter and they have to furnish a Statutory Return in the prescribed format on quarterly basis to the Reserve Bank of India. It has come to our notice that some of the NBFCs holding public deposits have not furnished the Return to the RBI in fulfilment of their statutory obligation.

3. It has been decided to give last opportunity to the companies holding public deposits to submit this Return for determining the eligibility for the Certificate of Registration and compliance with the regulatory framework by all the NBFCs irrespective of whether they have been issued the certificate of registration or their applications have been kept in abeyance. Further, some additional information is also required for considering the extent of regulatory attention to be bestowed on the companies holding deposits. Although Reserve Bank had earlier clarified that the companies not holding public deposits need not submit the Return on Liquid Assets, the matter has been reviewed in view of large scale non-compliance by the NBFCs, it has been decided that all the NBFCs should submit the statutory return on liquid assets. In case any company does not hold public deposits on the relevant second preceding quarter, it should submit 'Nil' return.

4. You are, therefore, advised to submit the following returns :

i) Form of Quarterly Return I (to be submitted by RNBCs) or Form of Quarterly Return II (to be submitted by equipment leasing or hire purchase leasing or loan and investment company); and

ii) Format of Special Return.

The formats of these Returns are enclosed. You should use the relevant formats of the returns and submit the same to the Regional Office of the RBI under whose jurisdiction the registered office of your company is located for your doing the needful so as to reach them by February 10, 1999. It may be clarified that even if you have already submitted the return on liquid assets, the above formats are required to be completed and submitted without fail.

5. The non submission of the above return/information shall be viewed very seriously and penal action (including cancellation of the Certificate of Registration, if already issued, or rejection of the application as the case may be) will be initiated against the non-compliant companies.

Yours faithfully,

Sd/-

(D. S. Nagi)

Deputy General Manager