

## **Amendments to NBFC Regulations - Ceiling on rate of interest**

DNBS (PD) CC.No.17/02.01/2001-02

October 31, 2001

**To All Non-Banking Financial Companies  
including Chit Fund and Nidhi Companies**

Dear Sirs,

### **Amendments to NBFC Regulations - Ceiling on rate of interest**

It has been decided that, keeping in view the prevailing interest rates in the entire financial system, the interest rates on public deposits of NBFCs should be reduced by 1.5 per cent from the present level of 14 per cent per annum to 12.5 per cent per annum on and from November 1, 2001. The new rate of interest is applicable to fresh public deposits and renewals of matured public deposits.

2. On and from November 1, 2001, the ceiling rate of interest of 12.5 per cent per annum is also applicable to the deposits accepted / renewed, as per the directions prescribed by RBI, by miscellaneous non-banking companies (chit fund companies) and nidhi companies.
3. You are requested to ensure meticulous compliance with the new ceiling on rate of interest. Other conditions relating to the rests at which interest can be compounded, rate of brokerage, etc., remain unchanged.
4. A copy each of the amending Notifications No. 151 and 152 is enclosed.

Yours faithfully,

(L.M.Fonseca )  
Chief General Manager-in-Charge

Encls: 2 sheets

**Reserve Bank of India Department of Non-Banking Supervision Central Office Centre  
1, World Trade Centre Cuffe Parade, Colaba Mumbai – 400 005**

**NOTIFICATION NO. DNBS. 151/ CGM (LMF)-2001 DATED October 31, 2001**

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 Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, in exercise of the powers

conferred by Sections 45J, 45K, 45L and 45MA 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 stand amended, with immediate effect, as follows, namely –

In Paragraph 4, sub-paragraph (7) shall be substituted by the following , namely

"(7) On and from November 1, 2001 no non-banking financial company shall invite or accept or renew public deposit at a rate of interest exceeding twelve and a half per cent per annum. Interest may be paid or compounded at rests which shall not be shorter than monthly rests."

(L.M.Fonseca)  
Chief General Manager-in-Charge

**Reserve Bank Of India Department Of Non-Banking Supervision Central Office  
Centre 1, World Trade Centre Cuffe Parade, Colaba Mumbai - 400 005**

**NOTIFICATION No. DNBS. 152/ CGM (LMF)-2001 DATED October 31, 2001**

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 Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977, in exercise of the powers conferred by Sections 45J, 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. DNBC. 39 / DG (H)-77 dated June 20, 1977 shall stand amended with immediate effect, as follows, namely -

1. In paragraph 9A, for the word and figures,  
“ October 30, 1995 ”, the word & figures “November 1, 2001” shall be substituted
2. In paragraph 9A, in clause (a), for the word “fourteen”, the words “twelve and a half” shall be substituted.

( L.M.Fonseca)  
Chief General Manager-in-Charge