

Minimum Net Owned Fund (NOF) for commencement of business of Non-Banking Financial Institution (NBFI)

RESERVE BANK OF INDIA
Department of Non-Banking Supervision,
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Ref DNBS. (PD)No.CC.10/02.59/98-99

April 20, 1999

To

- (i) The Secretary, Department of Company Affairs, Government of India,
- (ii) All the Registrars of Companies
- (iii) All the Apex Level Chambers of Commerce FICCI/ASSOCHAM/CII
- (iv) President of the Institute of Chartered Accountants of India
- (v) President of the Institute of Company Secretaries of India
- (vi) Associations of NBFCs

Dear sirs,

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With a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the requirement of minimum NOF of Rs.25 lakhs has been raised to Rs.200 lakh for the NBFC which commences business of a non-banking financial institution on or after April 21, 1999. This stipulation will not, however, be applicable to NBFCs which are already registered with RBI or to such companies whose applications for a certificate of registration are submitted on or before April 20, 1999.

2. In sum, henceforth, any NBFC making an application to Reserve Bank of India for a certificate of registration should have NOF of Rs.200 lakhs.

3. A copy of the notification issued under the powers derived from the provisions of clause (b) of sub-section (1) of section 45-IA of the RBI Act is enclosed.

Yours faithfully,

(V. S. N. Murty)
Chief General Manager

Encl : One

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. 132/CGM (VSNM) - 99 dated APRIL 19, 1999.

In exercise of the powers conferred under clause (b) of the sub-section (1) of section 45-IA of the Reserve Bank of India Act, 1934, (2 of 1934) Reserve Bank of India specifies that on and from April 20, 1999, no non-banking financial company shall commence the business of a non-banking financial institution without having the net owned fund of rupees two hundred lakhs.

(V. S. N. Murty)
Chief General Manager