

**Notification No.DFC.121/ED(G)-98 dated January 31, 1998**

RESERVE BANK OF INDIA  
DEPARTMENT OF FINANCIAL COMPANIES  
CENTRAL OFFICE  
15, NETAJI SUBHAS ROAD  
POST BOX NO. 571  
CALCUTTA-700 001

**Notification No.DFC.121/ED(G)-98 dated January 31, 1998**

In exercise of the powers conferred under Section 45NC read with sub-section (1) of Section 45IB of the Reserve Bank of India Act, 1934 (2 of 1934) and in supersession of the Notification No.DFC..116/DG(SPT)-98 dated January 2, 1998, the Reserve Bank of India having considered and being satisfied that it is necessary so to do, hereby declares that all the non-banking financial companies other than residuary non-banking companies governed by the provisions of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 contained in Notification No.DFC.55/DG(O)-87 dated 15th May 1987 are exempt from the requirement to invest in unencumbered approved securities an amount, which at the close of business on any day, shall be not less than 5 per cent of deposits outstanding at the close of business on the last working day of the second preceding quarter as contemplated under sub-section (1) of Section 45IB of the said Act, subject to the conditions that -

(1) every non-banking financial company, other than a residuary non-banking company governed by the provisions of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 contained in Notification No.DFC.55/DG(O)-87 dated 15th May, 1987 shall invest and continue to invest in India in unencumbered approved securities valued at the price not exceeding the current market price of such securities an amount which shall, at the close of business on any day -

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| <i>[(i) on and from 1<sup>st</sup> April 1998</i> | <i>be not less than 12.5 percent;</i>   |
| <i>(ii) on and from 1<sup>st</sup> April 1999</i> | <i>be not less than 15 percent; and</i>   |
| <i>(iii) on and from January 1, 2000</i>          | <i>be not less than ten percent in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank, the aggregate of which shall not be less than 15 percent</i> |

*of the “public deposit”, as defined under paragraph 2(1) (xii) of the Non- Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, outstanding at the close of business on the last working day of second preceding quarter; and]<sup>1</sup>*

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<sup>1</sup> Inserted vide Notification No.139 dated January 13, 2000

(2) all other provisions of Section 45IB shall mutatis-mutandis be applicable to the above requirement as if the expression “public deposit” is the same as the expression “deposit” as contemplated under the said provision.

(S. Gurumurthy)  
Executive Director