

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. 128/CGM(VSNM)-98 dated December 18,  
1998.**

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 Prudential Norms (Reserve Bank) Directions, 1998, in exercise of the powers conferred by section 45JA 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.119/DG(SPT)/98 dated January 31, 1998 stand amended with immediate effect as follows, namely -

1. After paragraph 11A, a new paragraph shall be inserted as follows, namely, -

**Restrictions on investments in land  
and building and Unquoted shares**

- "11B (i) No equipment leasing company or hire purchase finance company, which is accepting public deposit, shall, invest in -
- (a) land or building, except for its own use, an amount exceeding ten percent of its owned fund;
  - (b) unquoted shares of another company, which is not a subsidiary company or a company in the same group of the NBFC, an amount exceeding ten percent of its owned fund.
- (ii) No loan company or investment company, which is accepting public deposit, shall, invest in -
- (a) land or building, except for its own use, an amount exceeding ten percent of its owned fund ;
  - (b) unquoted shares of another company, which is not a subsidiary company or a company in the same group of the NBFC, an amount exceeding twenty percent of its owned fund :

Provided that the land or building or unquoted shares acquired in satisfaction of its debts shall be disposed off by the NBFC within a period of three years or within such period as extended by the Bank, from the date of such acquisition if the investment in these assets together with such assets already held by the NBFC exceeds the above ceiling;

Provided further that the land or building or unquoted shares held by the company in excess of the ceiling specified hereinabove on the date of commencement of these directions, shall be disposed off so as to bring down such holding within the said ceiling by the NBFC within three years or within such period as extended by the Bank, from the date of coming into force of these Directions.”

2. In the half-yearly return on prudential norms required to be submitted as per provisions of paragraph 13 of these directions, at the end of Part H, the following shall be inserted, namely, -

**Part - I**  
**Particulars regarding Investments in premises and unquoted shares**

Item name	Item code	Amount
"(i) Investments in Premises, (Land and buildings) except for own use, (out of item code 253 in the return) held by the company in excess of 10 percent of the owned fund		
(a) Acquired by the company independently	710	
(b) Acquired in satisfaction of its debts.	720	
(ii) Investments in unquoted shares except those held in the		
(a) 10 percent of the owned fund in case of equipment leasing and hire purchase finance companies	730	
(b) 20 percent of the owned fund in case of loan and investment companies”	740	

Sd/-  
( V. S. N. MURTY)  
CHIEF GENERAL MANAGER