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**RESERVE BANK OF INDIA
CENTRAL OFFICE
DEPARTMENT OF BANKING OPERATIONS AND DEVELOPMENT
CENTRE - 1, WORLD TRADE CENTRE
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RBI/2004/237
DBOD.BP.BC. 89/21.02.043/2003-04

June 9, 2004
Jyestha 19, 1926 (Saka)

All Scheduled Commercial Banks
(excluding RRBs and LABs)

Dear Sir,

Amalgamation/Merger of Non-Banking Finance Companies with Banks

With regard to amalgamation/merger of a non-banking finance company (NBFC) with a bank, it has been decided that in order to ensure that the post-merger bank continues to be in compliance with the legal provisions contained in the Banking Regulation Act, 1949 and other relevant statutes and also the regulatory prescriptions of RBI, banks should obtain prior approval of Reserve Bank of India before initiating steps for amalgamation/merger of a NBFC with the bank.

2. Please acknowledge receipt.

Yours faithfully,

(B.Mahapatra)
Chief General Manager