

July 24, 2004

To all NBFCs registered as non-public deposits taking companies

Dear Sir,

Section 45-IA of the RBI Act – Grant of CoR – Requirement of minimum NOF of Rs. 200 lakhs as an additional condition for allowing NBFCs registered in non-public deposit taking category to accept public deposits

In terms of Section 45-IA of the RBI Act, the NBFCs existing as on January 9, 1997 were required to obtain a Certificate of Registration (CoR) from RBI. Eligible NBFCs not holding public deposits or those which have been incorporated after January 9, 1997 have been granted the CoR in the category of non-deposit taking NBFCs. As a part of the terms and conditions subject to which the CoR was issued, it was also stipulated that any such NBFC would have to obtain prior permission of RBI before commencing acceptance of public deposits and that such request would be entertained only after two years of track record of performance of the company.

2. In terms of Notification No. DNBS.132 / CGM (VSNM) – 99 dated April 21, 1999, the minimum NOF requirement for the new companies applying for grant of CoR to commence business of an NBFI was raised to Rs.200 lakhs. In the light of the above, it is considered necessary in the interest of the depositors and in public interest that the NBFCs which were granted CoR in the non-public deposit taking category should meet the minimum capital requirements of R.200 lakhs for being eligibility to apply to RBI for accepting public deposits. Accordingly, such NBFCs may please ensure compliance with this requirement before applying to RBI for approval to accept public deposits.

Yours faithfully,

Sd/-

(D. S. Nagi)
Chief General Manager