

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

RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING SUPERVISION
CENTRAL OFFICE
CENTRE I, WORLD TRADE CENTRE,
CUFFE PARADE, COLABA
MUMBAI 400 005.

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,

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

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

Encls : One

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NOTIFICATION NO.DNBS.132/CGM(VSNM)-99 dated APRIL 20, 1999

In pursuance to clause (b) of sub-section (1) of section 45IA of the Reserve Bank of India Act, 1934, (2 of 1934) the Reserve Bank of India, hereby specifies the “net owned fund” to be two hundred lakh of rupees, for a non-banking financial company which commences the business of a non-banking financial institution on or after 21st April 1999:

Provided, that this specification of higher “net owned fund” shall not be applicable to such company whose application for certificate of registration under section 45IA of the said Act is submitted to the Reserve Bank of India on or before 20th April, 1999.

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