



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2010-11/453

DNBS.PD/ CC.NO. 214 / 03.02.002 /2010-11

March 30, 2011

All NBFCs

Dear Sir,

NBFCs not to be Partners in Partnership firms

It has come to the notice of the Reserve Bank of India that some NBFCs have large investments in / have contributed capital to partnership firms.

2. In view of the risks involved in NBFCs associating themselves with partnership firms, it has been decided to prohibit NBFCs from contributing capital to any partnership firm or to be partners in partnership firms. In cases of existing partnerships, NBFCs may seek early retirement from the partnership firms.

3. Copies of Amending Notifications No. DNBS.227/CGM (US)-2011 and No. DNBS.228/ CGM (US)-2011 dated March 30, 2011 are enclosed for meticulous compliance.

Yours sincerely,

(Uma Subramaniam)
Chief General Manager-in-Charge

Encl: as above

**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.227 / CGM(US)-2011 dated March 30, 2011

The Reserve Bank of India, having considered it necessary in 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 (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (hereinafter referred to as the said Directions) contained in Notification No. DNBS.192/DG(VL)-2007 dated February 22, 2007, 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 shall be amended with immediate effect as follows-

Insertion of new paragraph 19 A-

After paragraph 19 of the said Directions, the following paragraph 19A shall be inserted.

"NBFCs not to be partners in partnership firms"

19A. (1) No non-banking financial company, which is accepting public deposit shall contribute to the capital of a partnership firm or become a partner of such firm.

(2) A non-banking financial company, which is accepting public deposit and which had already contributed to the capital of a partnership firm or was a partner of a partnership shall seek early retirement from the partnership firm.

(Uma Subramaniam)
Chief General Manager

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

Notification no. DNBS. 228 / CGM(US)-2011 dated March 30, 2011

The Reserve Bank of India, having considered it necessary in 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 (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (hereinafter referred to as the said Directions) contained in Notification No. DNBS. 193/DG(VL)-2007 dated February 22, 2007, 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 shall be amended with immediate effect as follows, namely -

Insertion of new paragraph 20 A-

After paragraph 20 of the said Directions, the following paragraph 20A shall be inserted.

"NBFCs not to be partners in partnership firms"

20A. (1) No non-banking financial company shall contribute to the capital of a partnership firm or become a partner of such firm.

(2) A non-banking financial company, which had already contributed to the capital of a partnership firm or was a partner of a partnership firm shall seek early retirement from the partnership firm.

(Uma Subramaniam)
Chief General Manager