

**RBI/2009-10/133**  
**DNBS (PD) CC.No. 159 /03.03.01/2009-10**

**August 28, 2009**

To

All Miscellaneous Non-Banking Companies (MNBCs)

Dear Sirs,

**Acceptance of Deposits by Chit Fund Companies**

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 of the country to its advantage, it is necessary to amend the Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977, in exercise of the powers conferred by Sections 45J,45K and 45L of the Reserve Bank of India Act, 1934, (2 of 1934) and of all the powers enabling it in this behalf, hereby with immediate effect, prohibit MNBCs from accepting deposits from public except from the shareholders, which is subject to the conditions specified in the Directions issued by the Reserve Bank. Any deposit accepted and held by the MNBCs other than from its shareholders as on date shall be repaid on maturity and shall not be eligible for renewal.

2. The amending notification No. 207 of date as also the updated [Notification DNBC.39/DG\(H\) -77](#) dated June 20, 1977 (as amended up-to-date) are enclosed for your information and compliance.

3. Kindly acknowledge receipt to the Regional Office of the Department of Non-Banking Supervision, Reserve Bank of India under whose jurisdiction the Registered Office of your company is situated.

Yours sincerely

(A. Narayana Rao)  
Chief General Manager-in-Charge

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. 207 / CGM (ANR)-2009 dated August 28, 2009**

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 of the country to its advantage, it is necessary to amend the Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977, (hereinafter referred to as the Directions) in exercise of the powers conferred by Sections 45J, 45K and 45L 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. DNBS. 39 / DG (H)-77 dated June 20, 1977 shall stand amended with immediate effect, as follows, namely –

- A. In clause (a) of paragraph 5 of the Directions, the first and second provisos shall stand deleted.
  
- B. In clause (b) of paragraph 5 of the Directions,
  1. Sub-clause (i) shall be substituted with the following words:  
"any deposit from a shareholder, if the amount of such deposit already received and outstanding in the books of the company as on the date of acceptance or renewal of such deposits, exceeds fifteen per cent of its net owned funds".
  
  2. Sub-clause (ii) shall be substituted with the following words:  
"any other deposit, including non-convertible bonds or debentures".
  
  3. The following Proviso shall be inserted:

“Provided that where a miscellaneous non-banking company is holding any deposit accepted from any person other than its shareholders, the same shall be repaid on maturity and shall not be eligible for renewal”.

4. Sub-clauses (iii) and (iv) shall stand deleted.

C. In sub-clause (a) of clause (1) of paragraph 9A, the proviso “Provided that nothing contained in this clause shall apply to monies raised by the issue of debentures and bonds”, shall stand deleted.

D. In paragraph 9A, clause (2) shall stand deleted.

E. In Paragraph 9AB, after the words “an existing depositor” and before the words “to renew his deposit” the following words shall be inserted:  
“being a shareholder”.

F. In Paragraph 9B, in the title of clauses (ii) and (iii) viz; ‘Repayment of public deposits by miscellaneous non-banking company not being a problem miscellaneous non-banking company’ and ‘Repayment of public deposits by problem miscellaneous non-banking company’ respectively, the word ‘public’ shall stand deleted.

(A. Narayana Rao)  
Chief General Manager - in - Charge