

## **No extension of time limit for NBFCs : says RBI**

**January 18, 2000**

The Reserve Bank of India has advised all non-banking financial companies (NBFCs), which had applied to Reserve Bank for grant of Certificate of Registration under section 45-IA of Reserve Bank of India Act, 1934, on or before July 9, 1997 but had not attained the minimum statutory net owned funds (NOF) of Rs.25 lakh as on January 9, 2000 that it has not extended the deadline for NBFCs to attain the minimum NOF limit.

The Reserve Bank has further advised that the NBFCs which have attained the minimum statutory NOF of Rs.25 lakh as on January 9, 2000 should report to the Reserve Bank immediately, but not later than April 10, 2000 (April 9, 2000 being a Sunday).

It may be recalled that the Reserve Bank of India Act, 1934 as amended in 1997 allowed three years to NBFCs which did not have NOF of Rs.25 lakh to attain the same. The three year period expired on January 9, 2000.

The Reserve Bank has advised that such NBFCs which have not attained NOF of Rs.25 lakh as on January 9, 2000 should immediately discontinue their business of NBFC and inform the Reserve Bank of its discontinuance. Such NBFCs are not allowed to accept or renew public deposits and they should repay the deposits already accepted as per the terms and conditions of acceptance. They should continue to comply with the provisions of Chapter III-B of the Reserve Bank of India Act and the Directions issued under it till all the depositors are repaid.

Reiterating its earlier advice to NBFC depositors, the Reserve Bank has also stated that it does not guarantee the repayment of deposits by any NBFC including those which have obtained Certificate of Registrations under Section 45-IA of the Reserve Bank of India Act.

**Alpana Killawala  
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**Press Release : 1999-2000/939**