

## **Certificate of Registration mandatory for NBFCs/RNBCs**

**February 8, 2000**

The Reserve Bank of India has clarified that it is mandatory for all the non-banking financial companies (NBFCs) including residuary non-banking companies (RNBCs) to obtain a Certificate of Registration from the Bank under Section 45-IA of the Reserve Bank of India Act. This requirement is mandatory even for those NBFCs which do not hold/accept deposits from public or which are holding companies or investment companies not trading in the shares held by them, etc.

The Reserve Bank of India has also advised that the Notification issued on January 13, 2000 exempts only the companies engaged in micro finance activities from the requirement of registration, one of the conditions being that the company should be licenced under Section 25 of the Companies Act. The Reserve Bank of India has also reiterated that other companies cannot commence the business of a non-banking financial institution (NBFI) without obtaining a Certificate of Registration from the Reserve Bank of India failing which appropriate penal action would be taken against the defaulters.

The Reserve Bank of India has reiterated that all the NBFCs including RNBCs having net owned fund below Rs. 25 lakh should immediately intimate to the RBI if they have attained the minimum net owned funds (NOF) as on January 9, 2000 so that their application for issue of Certificate of Registration can be considered. All other NBFCs which have failed to attain the minimum NOF as on January 9, 2000 should not accept public deposits or renew such maturing deposits in any manner. The companies which have not requested the RBI for extension of time to reach the minimum NOF should immediately stop doing NBFI business. However, they should repay the deposits as per terms and conditions of the deposits.

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