

NBFCs may offer Nomination on their Deposits

July 28, 2003

The Reserve Bank of India has, in consultation with the Government of India, decided that Non-banking Finance Companies (NBFCs) may, for the purpose of nominations, adopt the Banking Companies (Nomination) Rules, 1985 made under Section 45ZA of the Banking Regulation Act, 1949.

Accordingly, non-banking finance companies (NBFCs) are permitted to accept nominations made by the depositors in form DA1, cancellation of nomination in form DA2 and variation in nomination in form DA3. These forms are similar to the ones specified under the Banking Companies (Nomination) Rules, 1985 made under Section 45ZA of the Banking Regulation Act, 1949 for the purpose of nomination.

In terms of the provisions of the Reserve Bank of India Act, 1934 the depositor/s of non-banking finance companies (NBFCs) may nominate, in the manner prescribed under the rules made by the Central Government under Section 45ZA of the Banking Regulation Act, 1949, one person to whom, the NBFC can return the deposit in the event of the death of the depositor/s.

The detailed circular and a copy of the Rules are available on RBI web site www.rbi.org.in

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