

December 9, 2005

To,

All Non-Banking Financial Companies (NBFCs),
Miscellaneous Non-Banking Companies (MNBCs) and
Residuary Non-Banking Companies (RNBCs)

Dear Sirs,

Premature repayment of public deposits or deposits

Please refer to our circular DNBS (PD) C.C. No. 44/02.01/2004-05 dated October 5, 2004 on the captioned subject. In paragraph 3(5) of the said circular, it has been provided that all deposit accounts standing to the credit of sole/first named depositor in the same capacity shall be clubbed and treated as one deposit account for the purpose of premature repayment.

2. It is emphasized that the said clause of clubbing of deposits is applicable in case of problem NBFC/RNBC/MNBC only and to clarify the position same has been amended. The amending Notifications Nos. 182-184 of date as also the Notifications Nos.

- a. DFC. 118 /DG (SPT) – 98 dated January 31, 1998;
- b. DFC. 55 / DG (O) – 87 dated May 15, 1987; and
- c. DNBC. 39 / DG (H) – 77 dated June 20, 1977

(as amended up-to-date) are enclosed for your information and meticulous compliance.

3. Thus, the clause relating to clubbing of all deposit accounts, standing to the credit of sole/first named depositor in the same capacity, for the purpose of premature repayment/grant of loan, as the case may be, of an amount upto Rs 10000/- to the depositor is applicable only in case of problem NBFC/RNBC/MNBC.

4. We reiterate that in case of death of depositor, even the problem NBFC/RNBC/MNBC may repay the deposit/public deposit even within lock in period without clubbing of deposit/public deposit.

5. Please 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 faithfully,

Sd/-
(P. Krishnamurthy)
Chief General Manager-in-Charge