

**RBI/2008-09/384**

**DNBS (PD) CC No. 135 /22.02.02/ 2008-09**

**February 13, 2009**

To

The Chairman/CEOs of all Non-Banking Financial Companies (accepting public deposits) [Excluding RNBCs]

Dear Sir,

**“Reserve Bank of India (Non-Banking Financial Companies) Specifications 2009”**

Please refer to Notification No.DFC.121/ED(G)-98 dated January 31, 1998 (hereinafter called the Directions). It has been since decided to amend the Directions so as to allow of investments in fixed deposits of SIDBI and NABARD for meeting the requirements of Section 45IB of Reserve Bank of India Act, 1934.

2. A copy of amending Notification No. DNBS (PD) 205 /CGM (PK)/2009 dated February 13, 2009 is enclosed.

3. After amendment, paragraphs (1) and (2) of the Directions shall read as under.

"(1) every non-banking financial company, other than a residuary non-banking company governed by the provisions of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987, contained in Notification No.DFC.55/DG(O)-87, dated 15<sup>th</sup> May, 1987, shall invest and continue to invest in India in unencumbered approved securities valued at the price not exceeding the current market price of such securities an amount which shall, at the close of business on any day –

(i) -----

(ii) -----

(iii) On and from February 13, 2009 be not less than 15 per cent of the public deposit as defined under paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank)

Directions, 1998, outstanding at the close of business on the last working day of the second preceding quarter, and

(2) all other provisions of section 45-IB shall mutatis mutandis be applicable to the above requirement as if the expression "public deposit" is the same as the expression "deposit" as contemplated under the said provision.

Provided howsoever that such Non-Banking Financial Companies shall be entitled to invest an amount equal to or in excess of ten percent of public deposits, in unencumbered approved securities and the remaining in unencumbered (a) term deposits in any scheduled commercial bank, Small Industries Bank (SIDBI) or National Bank for Agriculture and Rural Development (NABARD) or (b) bonds issued by SIDBI or NABARD.

Provided further that, the aggregate of the amount invested in unencumbered approved securities, term deposits and the bonds as aforesaid shall not be less than 15 percent of public deposits."

Yours faithfully,

(P. Krishnamurthy)  
Chief General Manager In-Charge

**RESERVE BANK OF INDIA  
DEPARTMENT OF NON-BANKING SUPERVISION  
CENTRAL OFFICE  
CENTRE 1, WORLD TRADE CENTRE  
CUFFE PARADE, COLABA  
MUMBAI - 400 005**

**Notification No. DNBS (PD).205 / CGM (PK)-2009 dated February 13, 2009**

In exercise of the powers conferred under Section 45NC read with sub-section (1) of Section 45-IB of the Reserve Bank of India Act, 1934 (2 of 1934), the Reserve Bank of India having considered and being satisfied that it is necessary so to do, hereby directs that the directions contained in Notification No.DFC.121/ED(G)-98 dated January 31, 1998, shall stand amended with immediate effect, as follows, namely -

2. In paragraph (1), clauses (i) and (ii) shall be deleted.
3. In paragraph (1), for clause (iii), the following clause (iii) shall be substituted  
  
(iii) On and from February 13, 2009 be not less than fifteen per cent
4. After paragraph (2), the following provisos shall be inserted.

“Provided howsoever that such Non-Banking Financial Companies shall be entitled to invest an amount equal to or in excess of ten percent of public deposits, in unencumbered approved securities and the remaining in unencumbered (a) term deposits in any scheduled commercial bank, Small Industries Bank (SIDBI) or National Bank for Agriculture and Rural Development (NABARD) or (b) bonds issued by SIDBI or NABARD.

Provided further that, the aggregate of the amount invested in unencumbered approved securities, term deposits and the bonds as aforesaid shall not be less than 15 per cent of public deposits. ”

(P. Krishnamurthy)  
Chief General Manager In-Charge