

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

Notification No. DNBS. 179/CGM (OPA) - 2004 dated October 05, 2004

The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, in exercise of the powers conferred by Sections 45J, 45JA, 45K and 45L of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said directions contained in Notification No.DFC.118/DG(SPT)-98 dated January 31, 1998 stand amended with immediate effect, as follows, namely -

In the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, in paragraph 4,

i) after sub-paragraph (8), the following sub-paragraph shall be inserted, namely, -

“Intimation of maturity of deposits to depositors

(8A) It shall be the obligation of the non-banking financial company to intimate the details of maturity of the deposit to the depositor at least two months before the date of maturity of the deposit.”

ii) for sub-paragraph (14), the following sub-paragraph shall be substituted, namely:

“General Provisions regarding repayment of public deposits

**Minimum lock- in period and
Repayment in the event of death of the depositor**

(14)(i) No non-banking financial company shall grant any loan against a public deposit or make premature repayment of a public deposit within a period of three months (lock-in period) from the date of its acceptance:

Provided that in the event of death of a depositor, a non-banking financial company may repay the public deposit prematurely, even within the lock – in period, to the surviving depositor/s in the case of joint holding with survivor clause, or to the nominee or the legal

heir/s of the deceased depositor, on the request of the surviving depositor/s/nominee/legal heir, and only against submission of proof of death, to the satisfaction of the company.

Repayment of public deposits by a non-banking financial company not being a problem non-banking financial company

(ii) Subject to the provisions contained in sub-paragraph (i), a non-banking financial company not being a problem non-banking financial company may,

(a) with effect from October 05, 2004, permit premature repayment of a public deposit at its sole discretion:

Provided that in the case of a deposit accepted prior to the aforesaid date, such non-banking financial company may, if so permitted by the terms and conditions of acceptance of such deposit, repay it prematurely at the request of the depositor, after the expiry of three months from the date of deposit;

(b) grant a loan up to seventy-five percent of the amount of public deposit to a depositor after the expiry of three months from the date of deposit at a rate of interest two percentage points above the interest rate payable on the deposit.

Repayment of public deposits by a problem non-banking financial company

(iii) Subject to the provisions contained in sub-paragraph (i), in order to enable a depositor to meet expenses of an emergent nature, a problem non-banking financial company may make premature repayment of, or grant a loan against, a public deposit in the following cases only, namely:

(a) repay a tiny deposit in entirety or repay any other public deposit up to an amount not exceeding Rs. 10,000/-; or

(b) grant a loan against a tiny deposit or up to an amount not exceeding Rs. 10,000/- against any other deposit, at a rate of interest two percentage points above the interest rate payable on the deposit.

Clubbing of deposits in the name of sole/ first named depositor in the same capacity

(iv) 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.

Rate of interest on premature repayment of public deposits

(v) Where a non-banking financial company, whether at its sole discretion or at the request of the depositor, as the case may be, repays a public deposit after three months from the date of its acceptance, but before its maturity (including premature repayment in the case of death of the depositor), it shall pay interest at the following rates:

After 3 months but before 6 months	No interest
After 6 months but before the date of maturity	The interest payable shall be 2 per cent lower than the interest rate applicable to a public deposit for the period for which the public deposit has run or if no rate has been specified for that period, then 3 per cent lower than the minimum rate at which public deposits are accepted by the non-banking financial company.

Explanation: For the purpose of this paragraph,

(a) 'problem non-banking financial company' means a non-banking financial company which -

(i) has refused or failed to meet within five working days any lawful demand for repayment of the matured public deposits ; or

(ii) intimates the CLB under section 58AA of the Companies Act, 1956, about its default to a small depositor in repayment of any public deposit or part thereof or any interest thereupon; or

(iii) approaches the Bank for withdrawal of the liquid asset securities to meet its deposit obligations; or

(iv) approaches the Bank for any relief or relaxation or exemption from the provisions of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or from that of Prudential Norms for avoiding default in meeting public deposit or other obligations; or

(v) has been identified by the Bank to be a problem non-banking financial company either suo moto or based on the complaints from the depositors about non-repayment of public deposits or on complaints from the company's lenders about

non-payment of dues.

(b) 'tiny deposit' means the aggregate amount of public deposits not exceeding Rs. 10,000/- standing in the name of the sole or the first named depositor in the same capacity in all the branches of the non-banking financial company."

Sd/-

(O. P. Aggarwal)

Chief General Manager – in – Charge

RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING SUPERVISION
CENTRAL OFFICE
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Notification No. DNBS. 180/CGM (OPA) - 2004 dated October 05, 2004

The Reserve Bank of India, having considered it necessary in the public interest and being satisfied that for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary so to do, in exercise of the powers conferred by Sections 45J, 45JA, 45K and 45L of the Reserve Bank of India Act, 1934(2 of 1934) and all of the powers enabling it in this behalf, hereby directs that the Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 contained in Notification No.DFC.55/DG(O)-87 dated May 15, 1987 shall stand amended with immediate effect, as follows, namely-

1. The proviso to paragraph 5 shall be deleted.
2. After paragraph 5, the following paragraphs shall be inserted as paragraph 5A and paragraph 5B, namely, -

(i) **“General Provisions regarding repayment of deposits**

Intimation of maturity of deposits to depositors

5A. It shall be the obligation of the residuary non-banking company to intimate the details of maturity of the deposit to the depositor at least two months before the date of maturity of the deposit.”

(ii) **“Minimum lock- in period and
Repayment in the event of death of the depositor**

5B (i) No residuary non-banking company shall make premature repayment of deposit within a period of twelve months (lock – in period) from the date of its acceptance:

Provided that in the event of death of a depositor, a residuary non-banking company may repay the deposit prematurely, even within the lock – in period, to the surviving depositor/s in the case of joint holding with survivor clause, or to the nominee or the legal heir/s of the deceased depositor, on the request of the surviving depositor/nominee/legal heir, and only against submission of proof of death, to the satisfaction of the company.

Repayment of deposits by a residuary non-banking company not being a problem residuary non-banking company

(iii) Subject to the provisions contained in sub-paragraph (i), a residuary non-banking company not being a problem residuary non-banking company may, with effect from October 05, 2004, permit premature repayment of a deposit at its sole discretion:

Provided that in the case of a deposit accepted prior to the aforesaid date, such residuary non-banking company may, if so permitted by the terms and conditions of acceptance of such deposit, repay it prematurely at the request of the depositor, after the expiry of twelve months from the date of deposit.

Repayment of deposits by a problem residuary non-banking company

(iv) Subject to the provisions contained in sub-paragraph (i), in order to enable a depositor to meet expenses of an emergent nature, a problem residuary non-banking company may make premature prepayment of a deposit as follows:

repay a tiny deposit in entirety or repay any other deposit up to an amount not exceeding Rs. 10,000/-.

Clubbing of deposits in the name of sole/ first named depositor in the same capacity

(v) 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.

Rate of interest on premature repayment of deposits

(vi) Where a residuary non-banking company, whether at its sole discretion or at the request of the depositor, as the case may be, repays a deposit after twelve months from the date of its acceptance, but before its maturity (including premature repayment in the case of death of the depositor), it shall pay interest at the following rates:

After the expiry of 12 months but before the date of maturity	The interest payable shall be 2 per cent lower than the interest rate applicable to a deposit for the period for which the deposit has run or if no rate has been specified for that period, then 3 per cent lower than the minimum rate at which deposits are accepted by the residuary non-banking company.
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Explanation: For the purpose of this paragraph,

- (a) 'problem residuary non-banking company' means a residuary non-banking company which -
- (i) has refused or failed to meet within five working days any lawful demand for repayment of the matured deposits ; or
 - (ii) intimates the CLB under section 58AA of the Companies Act, 1956, about its default to a small depositor in repayment of any deposit or part thereof or any interest thereupon; or
 - (iii) approaches the Bank for withdrawal of the liquid asset securities to meet its deposit obligations; or
 - (iv) approaches the Bank for any relief or relaxation or exemption from the provisions of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 or from that of Prudential Norms for avoiding default in meeting deposit or other obligations; or
 - (v) has been identified by the Bank to be a problem residuary non-banking company either suo moto or based on the complaints from the depositors about non-repayment of deposits or on complaints from the company's lenders about non-payment of dues.
- (b) 'tiny deposit' means the aggregate amount of deposits not exceeding Rs. 10,000/- standing in the name of the sole or the first named depositor in the same capacity in all the branches of the residuary non-banking company."

3. The existing paragraph 5A shall be renumbered as paragraph 5C.

Sd/-
(O. P. Aggarwal)
Chief General Manager – in – Charge

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Notification No. DNBS. 181/CGM (OPA) - 2004 dated October 05, 2004

The Reserve Bank of India, having considered it necessary in the public interest and being satisfied that for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977, in exercise of the powers conferred by Sections 45J, 45K and 45L of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said directions contained in Notification No. DNBS. 39 / DG (H)-77 dated June 20, 1977 shall stand amended with immediate effect, as follows, namely –

1. After paragraph 9A, the following paragraph shall be inserted as paragraph 9AA, namely, -

“Intimation of maturity of deposits to depositors

9AA. It shall be the obligation of the miscellaneous non-banking company to intimate the details of maturity of the deposits to the depositors at least two months before the date of maturity of the deposit.”

2. The existing paragraphs 9AA and 9AB shall be renumbered as 9AB and 9AC respectively.

3. Paragraph 9B shall be substituted as follows, namely -

“General Provisions regarding repayment of deposits

**Minimum lock- in period and
Repayment in the event of death of the depositor**

9B. (i) No miscellaneous non-Banking company shall grant any loan against deposits or make premature repayment of deposit within a period of three months (lock-in period) from the date of its acceptance:

Provided that in the event of death of a depositor, a miscellaneous non-banking company may repay the deposit prematurely, even

within the lock – in period, to the surviving depositor/s in the case of joint holding with survivor clause, or to the nominee or the legal heir/s of the deceased depositor, on the request of the surviving depositor/s/nominee/legal heir, and only against submission of proof of death, to the satisfaction of the company.

Repayment of public deposits by a miscellaneous non-banking company not being a problem miscellaneous non-banking company

(ii) Subject to the provisions contained in sub-paragraph (i), a miscellaneous non-banking company not being a problem miscellaneous non-banking company may,

(a) with effect from October 05, 2004, permit premature repayment of a deposit at its sole discretion:

Provided that in the case of a deposit accepted prior to the aforesaid date, such miscellaneous non-banking company may, if so permitted by the terms and conditions of acceptance of such deposit, repay it prematurely at the request of the depositor, after the expiry of three months from the date of deposit;

(b) grant a loan upto seventy-five percent of the amount of deposit to a depositor after the expiry of three months from the date of deposit at a rate of interest two percentage points above the interest rate payable on the deposit.

Repayment of public deposits by a problem miscellaneous non-banking company

(iii) Subject to the provisions contained in sub-paragraph (i), in order to enable a depositor to meet expenses of an emergent nature, a problem miscellaneous non-banking company may make premature prepayment of, or grant a loan against, a deposit in the following cases only, namely:

(a) repay a tiny deposit in entirety or repay any other deposit up to an amount not exceeding Rs. 10,000/-; or

(b) grant a loan against a tiny deposit or up to an amount not exceeding Rs. 10,000/- against any other deposit at a rate of interest two percentage points above the interest rate payable on the deposit.

Clubbing of deposit in the name of sole/ first named depositor in the same capacity

(iv) 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.

Rate of interest on premature repayment of deposits

(v) Where a miscellaneous non-banking company, whether at its sole discretion or at the request of the depositor, as the case may be, repays a deposit after three months from the date of its acceptance, but before its maturity (including premature repayment in the case of death of the depositor), it shall pay interest at the following rates:

After 3 months but before 6 months	No interest
After 6 months but before the date of maturity	The interest payable shall be 2 per cent lower than the interest rate applicable to a deposit for the period for which the deposit has run or if no rate has been specified for that period, then 3 per cent lower than the minimum rate at which deposits are accepted by the miscellaneous non-banking company.

Explanation: For the purpose of this paragraph,

(a) ‘problem miscellaneous non-banking company’ means a miscellaneous non-banking company which -

- (i) has refused or failed to meet within five working days any lawful demand for repayment of the matured deposits ; or
- (ii) intimates the CLB under section 58AA of the Companies Act, 1956, about its default to a small depositor in repayment of any deposit or part thereof or any interest thereupon; or
- (iii) approaches the Bank for withdrawal of the liquid asset securities to meet its deposit obligations; or
- (iv) approaches the Bank for any relief or relaxation or exemption from the provisions of Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977 for avoiding default in meeting deposit or other obligations; or

(v) has been identified by the Bank to be a problem miscellaneous non-banking company either suo moto or based on the complaints from the depositors about non-repayment of deposits or on complaints from the company's lenders about non-payment of dues.

(b) 'tiny deposit' means the aggregate amount of deposits not exceeding Rs. 10,000/- standing in the name of the sole or the first named depositor in the same capacity in all the branches of the miscellaneous non-banking company."

Sd/-

(O. P. Aggarwal)

Chief General Manager – in – Charge