

**Exemption from Section 45-IA and 45-IC of the
Reserve Bank of India Act, 1934 (2 of 1934) -
Venture Capital Fund Companies**

DNBS(PD)CC No.22 /02.59/ 2002-03

November 28, 2002

To,

- (i) The Secretary, Ministry of Finance & Company Affairs,
Department of Company Affairs
- (ii) The Chairman, Securities and Exchange Board of India
- (iii) President of the Institute of Chartered Accountants
- (iv) President of the Institute of Company Secretaries of India
- (v) Associations of NBFCs

Dear Sir,

**Exemption from Section 45-IA and 45-IC of the
Reserve Bank of India Act, 1934 (2 of 1934) -
Venture Capital Fund Companies**

In order to obviate the need for dual regulation over Venture Capital Fund Companies, Reserve Bank has, in consultation with the Securities and Exchange Board of India (SEBI), exempted those venture capital fund companies who are holding a certificate of registration obtained from SEBI under Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) and not holding or accepting public deposit as defined in paragraph 2(1)(xii) of the Notification No.DFC.118/DG(SPT)-98 dated January 31, 1998, from requirement of registration, maintenance of liquid assets, creation of special reserve fund, Prudential Norms Directions and Acceptance of Public Deposit Directions.

2. A copy of the notification No.163/CGM(CSM)-2002 dated November 28, 2002 issued under the powers derived from paragraph 10 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 contained in Notification No.DFC.118/DG(SPT)-98 dated January 31, 1998 and paragraph 14 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 contained in Notification No.DFC.119/DG(SPT)-98 dated January 31, 1998 and Section 45-NC of the Reserve Bank of India Act, 1934 is enclosed.

3. This is for your information and appropriate action.

Yours faithfully,

Sd/-

(C.S.Murthy)
Chief General Manager-in-Charge

Notification No. 163 / CGM(CSM) – 2002 dated November 28 , 2002

**Reserve Bank of India
Department of Non-Banking Supervision**

Central Office
Centre-I, World Trade Centre
Cuffe Parade, Colaba
Mumbai – 400 001

The Reserve Bank of India on being satisfied that it is necessary so to do, in exercise of its powers conferred under Section 45 NC of the Reserve bank of India Act, 1934 (2 of 1934) and the powers conferred by paragraph 10 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 contained in Notification No. DFC.118/DG(SPT)-98 dated January 31, 1998 and paragraph 14 of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 contained in Notification No. DFC.119 / DG(SPT)-98 dated January 31, 1998 hereby directs that the provisions of,

- (i) Section 45-IA and Section 45-IC of the Reserve bank of India Act, 1934 (2 of 1934);
- (ii) Notification No. DFC.118/DG(SPT)-98 dated January 31, 1998; and
- (iii) Notification No. DFC.119 / DG(SPT)-98 dated January 31, 1998

shall not apply to a non-banking financial company, which is a venture capital fund company holding a certificate of registration obtained under Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) and not holding or accepting public deposit as defined in paragraph 2(1)(xii) of the Notification No. DFC.118/DG(SPT)-98 dated January 31, 1998.

Sd/-

(C. S. Murthy)
Chief General Manager-in-Charge