Residuary Non-Banking Companies (RNBCs)-
Minimum rate of return on deposits –
Amendments to RNBC Directions

Ref. DNBS.(PD) C.C. No. 26/02.02/2002-03

March 31, 2003
To all Residuary Non-Banking Companies

Residuary Non-Banking Companies (RNBCs)-
Minimum rate of return on deposits –
Amendments to RNBC Directions

Taking into account the market conditions and changes in other interest rates in the entire financial system, it has been decided to revise the minimum rate of return, which the RNBCs are required to pay to their depositors in terms of paragraph 5 of the Residuary Non-Banking Companies (Reserve Bank) Directions, 1987 dated May 15, 1987 (RNBC Directions).

2. The present and the revised rates would be as under:

<table>
<thead>
<tr>
<th>Type of deposit schemes</th>
<th>Present minimum rate of return</th>
<th>Revised minimum rate of return (on and from April 1, 2003)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) daily deposit schemes</td>
<td>not less than 4% p. a.</td>
<td>not less than 3.5% p. a.</td>
</tr>
<tr>
<td>(b) deposits received in lump sum or at monthly or longer intervals</td>
<td>not less than 6% p.a.</td>
<td>not less than 5% p. a.</td>
</tr>
</tbody>
</table>

3. The provisions of RNBC Directions have been amended to this effect. The revised rates are applicable to the deposits accepted / renewed by the Residuary Non-Banking Companies on and from April 1, 2003 as per RNBC Directions. Other stipulations in the Directions remain unchanged.

4. A copy of the amending Notification No. DNBS. 169/CGM (OPA)-2003 dated March 31, 2003 is enclosed. You are requested to

(i) acknowledge the receipt to the Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction, the registered office of your company is located; and

(ii) ensure meticulous compliance with the above directions.

Yours faithfully,

Sd/-

(O. P. Aggarwal)
Chief General Manager
NOTIFICATION No. DNBS.169/CGM(OPA)-2003 dated March 31, 2003

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 Residuary Non-Banking Companies (Reserve Bank) Directions, 1987, hereby, in exercise of the powers conferred by Sections 45J, 45K, 45L and 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and all the powers enabling it in this behalf, directs that the said Directions contained in Notification No. DFC.55/DG(O)-87 dated the May 15, 1987 shall stand amended with immediate effect as follows, namely :-

Paragraph 5 shall be substituted by the following, namely –

“On and from April 1, 2003, the amount payable by way of interest, premium, bonus or other advantage, by whatever name called, by a residuary non-banking company in respect of deposits received from that date, shall not be less than the amount calculated -

(i) at the rate of five per cent per annum (to be compounded annually) on the amount deposited in lump sum or at monthly or longer intervals; and

(ii) at the rate of three and one-half per cent per annum (to be compounded annually) on the amount deposited under daily deposit schemes:

Provided that where at the request of a depositor, a residuary non-banking company makes repayment of the deposit after the expiry of a period of one year but before the expiry of the period for which the deposit had been accepted, the amount payable by the company by way of interest, premium, bonus or other advantage on such deposit shall be reduced by one percentage point from the rate which the company would have ordinarily paid by way of interest, bonus, premium or other advantage, had the deposit been accepted for the period for which such deposit had run.”

Sd/-

(O. P. Aggarwal)
Chief General Manager