



रिज़र्व बैंक ऑफ़ इंडिया

RESERVE BANK OF INDIA

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RBI / 2004-05 /359

DNBS (PD) C.C. No. 47 /02.01/ 2004-05

February 7, 2005

To

All Non-Banking Financial Companies (NBFCs)
accepting/holding public deposits

Dear Sir,

Cover for 'public deposits'

As you are aware, NBFCs raise funds for their operations from various sources like public deposits, bank borrowings, inter-corporate deposits, secured/unsecured debentures, etc.

2. In order to ensure protection of depositors interest, NBFCs should ensure that at all times there is full cover available for public deposits accepted by them. While calculating this cover the value of all debentures (secured and unsecured) and outside liabilities other than the aggregate liabilities to depositors may be deducted from the total assets. Further, the assets should be evaluated at their book value or realizable/market value whichever is lower for this purpose. It shall be incumbent upon the NBFC concerned to inform the Regional Office of the Reserve Bank in case the asset cover calculated as above falls short of the liability on account of public deposits.

3. Further, all NBFCs accepting/holding public deposits are directed to create a floating charge on the statutory liquid assets invested in terms of Section 45-IB of the RBI Act, 1934, in favour of their depositors. Such charge

संकेत: 2218 2526, 2218 9131; फोन: 2215 0540, 2216 2768; ईमेल: dnbs@rbi.org.in

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Department of Non-Banking Supervision, Central Office, 2nd Floor, Centre I, WTC, Cuffe Parade, Mumbai- 400 005

Tel. No.: 2218 2526, 2218 9131 ; Fax No.: 2215 0540, 2216 2768 ; E-mail : dnbs@rbi.org.in



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Page 2 of 2

should be duly registered in accordance with the requirements of the Companies Act, 1956.

4. Please acknowledge receipt and report compliance to the Regional Office of the Bank in whose jurisdiction your company is registered.

Yours faithfully,

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

<p>रिज़र्व बैंक ऑफ़ इंडिया, 2nd फ्लोर, सेंट्रल वॉल स्ट्रीट, मुंबई- 400 005 टेल. नं.: 2218 2526, 2218 9131; फैक्स नं.: 2215 0540, 2216 2768; ईमेल: dnbs@rbi.org.in Department of Non-Banking Supervision, Central Office, 2nd Floor, Centre I, WTC, Cuffe Parade, Mumbai- 400 005 Tel. No.: 2218 2526, 2218 9131 ; Fax No.: 2215 0540, 2216 2768 ; E-mail : dnbs@rbi.org.in</p>

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