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- What is NBFC?
- History leading to 1997 law
- Developments thereafter
  - Directions
  - Amendments
  - Thorat Committee Report
  - Recent Draft Guidelines



- Act
- Directions
  - Deposits
  - Prudential Norms
  - Auditors
- Circulars
- Practice

### Important terms

- NBFC
  - Differentiated from:-
    - Other financial entities
    - Other "NBFCs"
- When does a Company become NBFC?
  - Eligibility vs. obligation
  - Formula for deeming an NBFC
  - Yearly check
  - Transitional issues



- Deposits/Public Deposits
- NOF
- Categories of NBFCs
- Systemically important NBFCs



- Minimum NOF
  - Owned Funds
  - Reductions
- Procedure for registration
- Investigation
- Types of registration

# Important conditions of acceptance of deposits

- Minimum Net owned funds
- Credit Rating
- Capital Adequacy
- Limits on deposits
- Interest
- Brokerage/expenses
- Minimum and Maximum term
- Liquidity



- Recognition of income on NPAs
- Provisioning
- Concentration
- Capital Adequacy, etc.



- Comprehensive checking and reporting
  - Registration for non-NBFCs
  - Continuation of business
  - Compliance of provisions/Directions
- Direct reporting
- Deposit repayment

## Takeovers/Mergers of NBFCs

- Takeovers
  - Substantial acquisition of shares
  - Change of directors
- Mergers
- Deposit taking vs. non-deposit taking
- Issue of transfer of registration
- Requirements by Court/RD



- Issue re holding companies
- Systemically important NBFCs accessing public funds
- Other companies

## Thorat Committee recommendations

- Registration
  - Companies accessing public funds
  - Companies not accessing public funds
- Asset/income mix
- Existing NBFCs de registration

#### Recent draft Guidelines

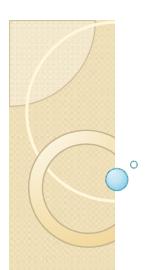
- Entry norms
- Asset/income mix
- What is public funds
- Existing unregistered companies?
- Applicability of Prudential Norms and other rules?
- Will free energies
- Conversion of firms/individuals, etc. to Company/NBFC.



- LLPs
- Individuals/firms

### State Acts re deposits

- Various states Bihar, Maharashtra, Tamil Nadu, Gujarat, etc.
- Widely drafted?
- Applicable to? :-
  - Individuals
  - Firms
  - Companies
  - NBFCs?
- Powers



#### THANK YOU!

# QUERIES/COMMENTS WELCOME!