

COMPANIES (ACCEPTANCE OF DEPOSITS) RULES, 1975

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COMPANIES (ACCEPTANCE OF DEPOSITS) RULES, 1975

In exercise of the powers conferred by section 58A, read with section 642 of the Companies Act, 1956 (1 of 1956), the Central Government, in consultation with the Reserve Bank of India, hereby makes the following Rules, namely.-

1. Short title, commencement and application :-

- (1) These Rules may be called the Companies (Acceptance of Deposits) Rules, 1975.
- (2) They shall come into force on the date of their publication in the Official Gazetted.
- (3) They shall apply to such companies as are not banking companies and are not also financial companies.

2. Definitions :-

In these Rules, unless the context otherwise requires.-

- (a) "Act" means the Companies Act, 1956 (1 of 1956);
- (b) "deposit" means any deposit of money with and includes any amount borrowed by, a company, but does not include-
 - (i) any amount received from the Central Government or a State Government, or any amount received from any other source and whose repayment is guaranteed by the Central Government or a State Government, or any amount received from a local authority or a foreign Government or any other foreign citizen, authority or person;
 - (ii) any amount received as a loan from any banking company or from the State Bank of India or any of its subsidiary banks or from a banking institution notified by the Central Government under S.51 of the Banking Regulations Act, 1949, or a corresponding new bank as defined in clause (d) of S.2 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or from a co-operative bank as defined in clause (b-ii) of Section 2 of the Reserve Bank of India Act, 1934 ;

(iii) any amount received as a loan from the Industrial Finance Corporation of India established under Industrial Finance Corporation Act, 1948 , or from a State Financial Corporation established under State Financial Corporations Act, 1951 , or from the Shipping Development Fund Committee constituted under Section 15 of the Merchant Shipping Act, 1958 or from the Unit Trust of India established under Unit Trust of India Act, 1963 , or from the Industrial Development Bank of India established under Industrial Development Bank of India Act, 1964 , or from an Electricity Board constituted under Electricity (Supply) Act, 1948 or from the Life Insurance Corporation of India constituted under Section 3 of the Life Insurance Corporation Act, 1956 , or from the Rehabilitation Industries Corporation of India Limited or the State Trading Corporation of India Limited or the Minerals and Metals Trading Corporation of India Limited or the Rural Electrification Corporation Limited or the Agricultural Finance Corporation Limited or the Industrial Reconstruction Corporation of India Limited or the Industrial Credit and Investment Corporation of India Limited or the National Industrial Development Corporation of India Limited or the Tamil Nadu Industrial and Investment Corporation Limited or the State Industrial and Investment Corporation of Maharashtra Limited¹[" or from the General Insurance Corporation of India²[and its subsidiaries, namely, the National Insurance Company Limited, the New India Assurance Company Limited, the Oriental Fire and General Insurance Company Limited and the United Fire and General Insurance Company Limited"] or from the Gujarat Industrial Investment Corporation Limited or from any financial company wholly owned by the Central Government or State Government³[or from the Oil⁴[or Housing Development Finance Corporation Limited,] or from any other financial company or public financial institutions which may be notified by the Central Government in this behalf in consultation with the Reserve Bank of India;]

5[(iv) any amount received by a company from any other company -⁶[* * *];

(v) any amount received from an employee of the company by way of security deposit;

(vi) any amount received by way of security or as an advance from any purchasing agent, selling agent or other agents in the course of or for the purposes of the business of the company or any advance received against orders for the supply of goods or properties or for the rendering of any service;

(vii) any amount received by way of subscriptions to any shares, stock, bonds or debentures⁷[such bonds or debentures as are covered by sub-clause (x)] pending the allotment of the said shares, stock, bonds or debentures and any amount received by way of calls in advance on shares, in accordance with the Articles of Association of the Company so long as such amount is not repayable to the members under the Articles of Association of the Company;

(viii) any amount received in trust or any amount in transit;

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"(ix) any amount received from a person who, at the time of the receipt of the amount, was a director of the company or any amount received from a relative of a director or its member by a private company :

Provided that the director, relative of a director or member, as the case may be, from whom money is received, furnishes to the company at the time of giving the

money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting from others."

9[(x) any amount raised by the issue of bonds or debentures secured by the mortgage of any immovable property of the company or with an option to convert them into shares in the company provided that in the case of such bonds or debentures secured by the mortgage of any immovable property, the amount of such bonds or debentures shall not exceed the market value of such immovable property;]

10(xi) any amount brought in by the promoters by way of unsecured loans in pursuance of stipulations of financial institutions subject to the fulfilment of the following conditions, namely:-

(a) the loans are brought in pursuance of the stipulation imposed by the financial institutions in fulfilment of the obligation of the promoters to contribute such finance;

(b) the loans are provided by the promoters themselves and/or by their relatives, and not from their friends and business associates; and

(c) the exemption under this sub-clause shall be available only till the loans of financial institutions are repaid and not thereafter. Explanation.-For the purpose of this sub-clause, the term 'financial institution' shall mean:-

(a) a public financial institution specified in or under section 4A of the Companies Act, 1956;

(b) a State Financial, Industrial or Investment Corporation;

(c) the State Bank of India or a subsidiary bank as defined in State Bank of India (Subsidiary Banks) Act, 1959;

(d) a nationalised bank, that is to say, a corresponding new bank as defined in section 2 of:-

(i) Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970; or

(ii) Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980;

(e) the General Insurance Corporation of India established in pursuance of the provisions of Section 9 of the General Insurance Business (Nationalisation) Act, 1972 ;

(f) the Industrial Reconstruction Corporation of India; a3 or

(g) any other Institution which the Central Government may, by notification, specify in this behalf;]

(c) "Depositor" includes any person who has given a loan to a company;

9[(cc) "Financial company" means a non-banking company which is a financial institution within the meaning of clause (c) of S.451 of the Reserve Bank of India Act, 1934;]

12 (d) "free reserves" includes the balance in the share premium account, capital and debenture redemption reserve and any other reserves shown or published in the. balance sheet of the company and created by appropriation out of the profits of

the company, but does not include the balance in any reserve created;

(i) for repayment of any future liability or for depreciation in assets or for bad debts;

(ii) by the revaluation of any assets of the company.]

1. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.

2. Inserted by the Companies (Acceptance of Deposits) Fourth Amendment Rules, 1980 w.e.f. 18-7-1980 vide GSR 435(E), dated 18-7-1980.

3. Substituted by the Companies (Acceptance of Deposits) Fifth Amendment Rules, 1978 w.e.f. 21-12-1978 vide GSR 586(E), dated 21-12-1978.

4. Inserted by the Companies (Acceptance of Deposits) Fifth Amendment Rules, 1980 w.e.f. 24-9-1980 vide GSR 546(E), dated 24-9-1980.

5. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1980 w.e.f. 1-4-1981 vide GSR 109(E), dated 21-3-1980.

6. Omitted by the Companies (Acceptance of Deposits) Amendment Rules, 1981 w.e.f. 1-4-1981 vide GSR 187(E), dated 20-3-1981.

7. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.

8. Substituted by Companies (Acceptance of Deposits) Amendment Rules, 2004.

9. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.

10. Inserted by the Companies (Acceptance of Deposits) Second Amendment Rules, 1985 w.e.f. 19-4-1985 vide GSR 372(E), dated 19-4-1985.

12. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.

3. Acceptance of deposits by companies :-

(1) On and from the commencement of these rules.-

1[(a) no company shall accept or renew any deposit which is repayable on demand or on notice or after a period of less than six months or more than thirty-six months from the date of acceptance or renewal of such deposit:] Provided that a company may for the purpose of meeting any of its short- term requirements for funds, accept or renew, **2**[such deposits as are referred to in clause (i) of sub-rule (2)] for repayment earlier than six months from the date of deposit or renewal, as the case may be, subject to the condition that such deposits-

(i) shall not exceed ten per cent of the aggregate of the paid up share capital and free reserves of the company, and

(ii) are repayable not earlier than three months from the date of such deposit or renewal thereof, as the case may be: **3**[Provided further that where a company has before the 1st day of April, 1978, accepted any deposit repayable after a period of more than thirty-six months, such deposits shall unless renewed after the said date, be repaid in accordance with the terms of such deposit];

4[(c) no company shall invite or accept or renew any deposits in any form, on a rate of interest exceeding **5**["twelve and a half percent"] per annum at rests which shall not be shorter than monthly rests;]

6[(d) no company shall pay brokerage to any broker at a rate, exceeding one per cent of the deposits for a period up to one year, one and half per cent of the deposits for a period of more than one year but up to two years, and two per cent of the deposits for a period exceeding two years, collected by or through such broker, and such payment shall be on one time basis.]

7[Explanation.-Any person who is authorised by a company, in writing, to solicit deposits on its behalf and through whom deposits are procured will only be entitled to brokerage and payment of brokerage to any other person for procuring deposits shall be deemed to be not in conformity with the rules.]

8[(1A) On and from 1st day of March, 1997 no company shall accept or renew any deposits in any form if it is in default in the repayment of any deposit or part thereof and any interest thereupon in accordance with the terms and conditions of such deposit.]

9(2) No company, other than a Government company, shall accept:

(i) any deposit against an unsecured debenture or any deposit from a shareholder (not being a deposit accepted by a private company from its shareholder) or any deposit guaranteed by any person who, at the time of giving such guarantee is a director of the company, if the amount of any such deposit together with the amount of such other deposits of all or any of the kinds of deposits referred to in this clause and outstanding on the date of acceptance or renewal of such deposit exceeds ten per cent [including any deposit accepted under the proviso to sub-rule (1) of rule 3] of the aggregate of the paid up share capital and free reserves of the company: Provided that for the purpose of calculation of the amount of deposits outstanding on the date of such acceptance or renewal, any deposit guaranteed by a person who, at the time of giving such guarantee was the managing agent or secretaries and treasurers of the company and outstanding on such date shall be taken into account.

(ii) any other deposit, if the amount of such deposit together with the amount of such other deposit other than any of the deposits referred to in clause (i), outstanding on the date of acceptance or renewal exceeds twenty-five per cent of the aggregate of the paid-up share capital and free reserves of the company.]

10(2A) No Government company shall accept any deposit, if the amount of such deposit exceeds thirty-five per cent [including any deposit accepted under the proviso to sub-rule (1) of rule 3 of the aggregate of its, paid up share capital and free reserves.]

(3) If, immediately before the commencement of these rules, the aggregate amount of deposits, of the nature referred to in clause (i) of sub-rule (2), accepted by a company before such commencement, exceeds the limit specified in the said clause (i), the company **11**[the 31st day of March, 1978] bring down the deposits to the limit aforesaid and for this purpose the company shall repay such deposits, as may be necessary.

12[(4) On and from the 1st day of April, 1978, where a company has any outstanding loans which were excluded from deposits by virtue of Explanation I as it stood immediately before the said date, then such company shall, before the first day of April, 1981, repay or bring such loans down to an amount, which, along with other outstanding deposits, is within the limits specified in this rule.]

13 [Explanation.-For the purpose of this rule in arriving at the aggregate; of the paid- up share capital and free reserves of a company, there shall be deducted from the aggregate of the paid-up share capital and free reserves as appearing in the latest audited balance sheet of the company, the amount of accumulated balance of

loss, balance of deferred revenue, expenditure and other intangible assets, if any, as disclosed in the said balance sheet; "Government company" means a company as defined in section 617 of the Companies Act, 1956.]

1. Substituted for clauses (a) and (b) by the Companies (Acceptance of Deposits) Amendment Rules, 1992 w.e.f. 10-1-1992 vide GSR 39(E), dated 10-1-1992.
2. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1981 w.e.f. 20-3-1981 vide GSR 187(E), dated 20-3-1981.
3. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.
4. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1993, w.e.f. 10-12-1993 vide GSR 744(E), dated 10-12-1993.
5. In Rule 3, sub-rule (1), in clause (c), The words the words "fourteen per cent" shall be substituted by Companies (Acceptance of Deposits) Amendment Rules, 2002, Ministry of Law, Justice and Company Affairs (Deptt. of Company Affairs), Noti. No. G.S.R. 77(E), dated February 4, 2002, published in the Gazette of India, Extra., Part II, Section 3(i), dated 4th February, 2002, p. 2, No. 64
6. Substituted by the Companies (Acceptance of Deposits) First Amendment Rules, 1986 w.e.f. 2-1-1986 vide GSR 7(E), dated 2-1-1986.
7. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1990 w.e.f. 7-6-1990 vide GSR 551(E). dated 7-6-1990.
8. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1997, w.e.f. 19-3-1997 vide GSR 155(E). dated 19-3-1997.
9. Substituted by the Companies (Acceptance of Deposits) First Amendment Rules, 1986 w.e.f. 2-1-1986 vide GSR 7(E), dated 2-1-1986.
10. Inserted by the Companies (Acceptance of Deposits) First Amendment Rules, 1986 w.e.f. 2-1-1986 vide 7(E), dated 2-1-1986.
11. Substituted by the Companies (Acceptance of Deposits) Third Amendment Rules, 1977 w.e.f. 31-12-1977 vide OSR 793(E), dated 30-12-1977.
12. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.
13. Substituted by the Companies (Acceptance of Deposits) First Amendment Rules. 1986 w.e.f. 2-1-1986 vide GSR 7(E), dated 2-1-1986.

3A. Maintenance of liquid assets :-

(1) Every company shall, before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than ¹[fifteen per cent] of the amount of its deposits maturing during the year ending on the 31st day of March next following in any one or more of the following methods, namely:

(a) in a current or other deposit account with any scheduled bank, free from charge or lien;

(b) in unencumbered securities of the Central Government or of any State Government;

(c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of S.20 of the Indian Trusts Act, 1882;

²[(d) in unencumbered bonds issued by the Housing Development Finance Corporation Limited, Bombay, a company incorporated under the Companies Act, 1956 (1 of 1956), and notified under clause (f) of S.20 of the Indian Trusts Act, 1882]: ³[Provided that with relation to the deposits maturing during the year ending on the 31st day of March, 1979, the sum required to be deposited or invested under this sub-rule ⁴[30th day of September, 1978].]

Explanation.-For the purpose of this sub-rule, the securities referred to in clause (b) or clause (c) shall be reckoned at their market value.

(2) The amount deposited or invested, as the case may be, under sub-rule (1), shall not be utilised for any purpose other than for the repayment of deposits maturing during the year referred to in that sub-rule, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below ⁵ [fifteen per cent] of the amount of deposits maturing until the 31st day of March of that year.]

1. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1992 w.e.f. 1-4-1992 vide GSR 39(E), dated 10-1-1992.
2. Inserted by the Companies (Acceptance of Deposits) Amendment Rules. 1987, vide GSR 850(E), dated 12-10-1987.
3. Inserted by the Companies (Acceptance of Deposits) Second Amendment Rules, 1978. w.e.f. 28-4-1978 vide GSR 252(E), dated 27-4-1978.
4. Substituted by the Companies (Acceptance of Deposits) Third Amendment Rules, 1978, w.e.f. 29-6-1978 vide GSR 341(E). dated 29-6-1978.
5. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1992 w.e.f. 1-4-1992 vide GSR 39(E), dated 10-1-1992.

4. Form and particulars of advertisements :-

(1) Every company ¹[intending to invite or allowing or causing any other person to invite deposits] shall issue an advertisement for the purpose in a leading English newspaper and in one vernacular newspaper circulating in the State in which the registered office of the company is situated.

(2) No company shall issue or allow any other person to issue or cause to be issued on its behalf, any advertisement, inviting deposits, unless such advertisement is issued on the authority and in the name of the Board of Directors of the company and contains a reference to the conditions subject to which deposits shall be accepted by the company, the date on which the said Board of Directors has approved the text of advertisement, and the following information namely:-

- (a) name of the company;
- (b) the date of incorporation of the company;
- (c) the business carried on by the company and its subsidiaries with the details of branches or units, if any;
- (d) brief particulars of the management of the company;
- (e) names, addresses and occupations of the Directors;
- (f) profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of advertisement;
- (g) dividends declared by the company in respect of the said years;

²[(h) a summarised financial position of the company as in the two audited balance sheets immediately preceding the date of advertisement in the following form, namely:

Sl. No.	Type of bearing	Size	Cost of	Net sales	Margin	Sl. No.		Current year/Previous year				
			sales as per	realisation				per unit				
			Proforma 'E'	as per			Cost of	Sales realisation	Margin	Cost of	Sales reali	Margin

			Quantity Value	Proforma 'E'			Sales			Sales	sation	
1	2	3	4	5	6	7	8	9	10	11	12	13
1.							1.					
2.							2.					
3.							3.					
4.							4.					
5.							5.					
6.							6.					
Total							Total					

Note.-Brief particulars of contingent liabilities may be added by way of a footnote.

(i) the amount which the company can raise by way of deposits under these rules and the aggregate of deposits actually held on the last day of the immediately preceding financial year.

(j) a statement to the effect than on the day of the advertisement, the company has no overdue deposits other than unclaimed deposits, or a statement showing the amount of such overdue deposits, as the case may be.

(k) a declaration to the effect-

(i) that the company has complied with the provisions of these rules;

(ii) that compliance with these rules does not imply that repayment of deposits is guaranteed by the Central Government; and

(iii) that the deposits accepted by the company (other than secured deposits, if any, accepted under the provisions of these rules, the aggregate amount of which may be indicated) are unsecured and ranking pan passu with other unsecured liabilities.

3[(iv) that the company is not in default in the repayment of any deposit or part thereof and any interest thereupon in accordance with terms and conditions of such deposits.]

(3) An advertisement issued in accordance with this rule shall be valid **4**[until the expiry of six months from the date of closure of the financial year in which it is issued or until the date on which the balance sheet is laid before the company in general meeting, or, where the Annual General Meeting for any year has not been held, the latest day on which that meeting should have been held in accordance with the provisions of the Act, whichever is earlier] and a fresh advertisement shall be made, in each succeeding financial year, **5**[for inviting deposits during that financial year].

(4) No advertisement shall be issued by or on behalf of a company unless on or before the date of its issue, there has been delivered to the Registrar for registration a copy thereof **6**[signed by a majority of the Directors on the Board of Directors of the company as constituted at the time the Board approved the advertisement, or their agents, duly authorised by them in writing].

Explanation.-For the purpose of this rule, the date of the issue of the newspaper in which the advertisement appears shall be taken as the date of issue of the advertisement.

7 [(5) * * *]

1. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1975 w.e.f. 18-9-1975 vide GSR 524(E), dated 18-9-1975.
2. Clauses (h), (i), (j) and (k) substituted for clause (h) by the Companies (Acceptance of Deposits) Amendment Rules, 1978, w.e.f. 1-4-1978 vide GSR 20KE), dated 30-3-1978.
3. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1997, w.e.f. 19-3-1997 vide GSR 155(E), dated 19-3-1997.
4. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1975 w.e.f. 18-9-1975 vide GSR 524(E), dated 18-9-1975.
5. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.
6. the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.
7. Omitted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.

4A. Statement in lieu of advertisement :-

(1) Where a company intends to accept deposits without inviting, or allowing or causing any other person to invite, such deposits, it shall, before accepting deposits deliver to the Registrar for registrations statement in lieu of advertisement containing all the particulars required to be included in the advertisement by virtue of sub-rule (2) of rule 4 and duly signed in the manner provided in sub-rule (4) of that rule.

(2) A statement delivered under sub-rule (1) shall be valid until the expiry of six months from the date of closure of the financial year in which it is so delivered or until the date on which the balance sheet is laid before the company in general meeting, or, where the Annual General Meeting for any year has not been held, the latest day on which that meeting should have been held in accordance with the provisions of the Act, whichever is earlier.]

5. Form of application for deposits :-

(1) On and from the commencement of these rules, no company shall accept, or renew any deposit, unless an application is made by the intending depositor for the acceptance of such deposit and such application contains a declaration by such person to the effect that the amount is not being deposited out of the funds acquired by him by borrowing or accepting deposits from any other person.

(2) The application referred to in sub-rule (1) shall be made in the form supplied by the company and such form shall be accompanied by a statement by the company containing all the particulars specified in sub-rule (2) of rule 4 and incorporating therein all changes in relation to such particulars up to the date on which the form is issued by the company.

6. Furnishing of receipts to depositors :-

1[(1) Every company shall, on the acceptance or renewal of a deposit, furnish to the depositor or his agent a receipt for the amount received by the company within a period of eight weeks from the date of receipt of money or realisation of cheques.]

(2) The deposit receipt referred to in sub-rule (1) shall be signed by an officer of the company duly authorised by the company in this behalf, and shall state the date of deposit, the name and address of the depositor, the amount received by the company as deposit, the rate of interest payable thereon and the date on which the deposit is repayable.

2 [(3) The company shall not reserve to itself either directly or indirectly a right to alter, to the prejudice or disadvantage of the depositor, the terms and conditions of the deposit after it is accepted.]

1. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1987 w.e.f. 1-7-1987 vide GSR 620(E), dated 1-7-1987.

2. Inserted by the Companies (Acceptance of Deposits) Third Amendment Rules, 1985 w.e.f. 5-6-1985 vide GSR 482(E), dated 5-6-1985.

7. Registers of deposits :-

(1) Every company accepting deposits shall keep at its registered office one or more registers in which there shall be entered separately in the case of each depositor the following particulars, namely:-

(a) name and address of the depositor;

(b) date and amount of each deposit;

(c) duration of the deposit and the date on which each deposit is repayable;

(d) rate of interest;

(e) date or dates on which payment of interest will be made;

(f) any other particulars relating to the deposit.

(2) The register or registers referred to in sub-rule (1) shall be preserved in good order for a period of not less than eight calendar years from the financial year in which the latest entry is made in the register.

8. General provisions regarding repayment of deposits :-

1[(1)] Where a company makes repayment of a deposit after the expiry of a period of six months from the date of such deposit but before the expiry of the period for which such deposit was accepted by the Company, the rate of interest payable by the company on such deposit, shall be reduced by **2**[one per cent] from **3**[the rate which the company would have paid had the deposit been accepted for the period for which such deposit had run] and the company shall not pay interest at any rate higher than the rate as so reduced: **4**[Provided that nothing contained in this rule shall apply to the repayment of any deposit before the expiry of the period for which such deposit was accepted by the company, if such repayment is made solely for the purpose of-

(a) complying with the provisions of the Non-Banking Non-financial Companies (Reserve Bank) Directions, 1966; or

(b) complying with the provisions of rule 3; or

(c) converting, with the consent of the depositors, into secured debentures in accordance with the guidelines, issued by the Government of India from time to time, regarding the issue of "rights" debentures; or

(d) providing war risk or other related benefits to the personnel of the naval, military or air forces or to their families, on an application made by the associations or societies formed by such personnel, during the period of emergency declared under Article 352 of the Constitution. **5**[Provided further that where a company permits a depositor to renew his deposit, before the expiry of the period for which such deposit

was accepted by the company, for availing of the higher rate of interest, the company shall pay interest to such depositor as higher rate if-

(i) such deposit is renewed in accordance with the other provisions of these rules and for a period longer than the unexpired period of the deposit, and

(ii) the rate of interest as stipulated at the time of the acceptance or renewal of deposit is reduced by one per cent for the expired period of the deposit and is paid or adjusted or recovered accordingly.]

Explanation.-For the purpose of this rule, where the period for which the deposit had run contains any part of a year, then, if such part is less than six months, it shall be excluded and if such part is six months or more, it shall be reckoned as one year.]

6 [(2) Where depositors so desire, deposits may be accepted in joint names not exceeding three, with or without any of the clauses, namely, "Either or Survivor", "Number one or Survivor", "Anyone or Survivor".]

1. Renumbered as "(1)" by the Companies (Acceptance of Deposits) Second Amendment Rules, 1992, w.e.f. 19-10-1992 vide GSR 814(E), dated 19-10-1992.

2. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1985 w.e.f. 19-3-1985 vide GSR 286(E), dated 19-3-1985.

3. Substituted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.

4. Substituted by the Companies (Acceptance of Deposits) Third Amendment Rules, 1985 w.e.f. 5-6-1985 vide GSR 482(E), dated 5-6-1985.

5. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1992 w.e.f. 10-1-1992 vide GSR 39(E), dated 10-1-1992.

6. Inserted by the Companies (Acceptance of Deposits) Second Amendment Rules, 1992, w.e.f. 19-10-1992 vide GSR 814(E), dated 19-10-1992.

9. Power of Central Government to decide certain questions :-

If any question arises as to whether these rules are or are not applicable to a particular company, such questions shall be decided by the Central Government in consultation with the Reserve Bank of India.

10. Return of deposits to be filed with the Registrar :-

(1) Every company to which these rules apply, shall on or before the 30th day of June, of every year, file with the Registrar, a return in the form annexed to these rules and furnishing the information contained therein as on the 31st day of March of that year ¹ [duty certified by the auditor of the company].

(2) A copy of the return shall also be simultaneously furnished to the Reserve Bank of India.]

1. Inserted by the Companies (Acceptance of Deposits) Amendment Rules, 1978 w.e.f. 1-4-1978 vide GSR 201(E), dated 30-3-1978.

11. Penalty :-

If a company or any other person contravenes any provision of these rules for which no punishment is provided in the Act, the company and every officer of the company who is in default or such other person shall be punishable with fine which may extend to five hundred rupees and where the contravention is a continuing one, with a further fine which may extend to fifty rupees for every day after the first, during which the contravention continues.

12. Repeal and savings :-

On the commencement of these rules, all rules, orders or directions in force in relation to any matter for which provision is made in these rules shall stand repealed, except as respects things done or omitted to be done before such repeal.