

**REVISED GUIDELINES FOR DECLARING A FINANCIAL INSTITUTION AS  
PUBLIC FINANCIAL INSTITUTION UNDER SECTION 4A OF THE  
COMPANIES ACT, 1956**

**GENERAL CIRCULAR NO. 10/2012, DATED 21-5-2012**

Section 4A of the Companies Act, 1956 was inserted by the Companies (Amendment) Act, 1974 (41 of 1974) with effect from 1st February, 1975. Sub-section (2) of section 4A of the Act empowers the Central Government, subject to the provision of sub-section (1) of section 4A of the Act, to notify in the official Gazette such other institution as it may think fit to be Public Financial Institutions (PFI).

**2.** The Ministry had framed certain criteria for declaring a Financial Institution as PFI under section 4A, of the Companies Act, 1956 *vide* General Circular No. 34/2011, dated 2-6-2011. The issue has since been revisited and it has been decided that any Financial Institution applying for declaration as PFI shall fulfil the following criteria:-

- (a) A company or corporation should be established under a special Act or the Companies Act, 1956 being a central act;
- (b) Main business of the company should be industrial/infrastructural financing;
- (c) the company must be in existence for at least 3 years and its financial statements should show that its income from industrial/infrastructural financing activities exceeds 50% of its total income.
- (d) the net-worth of the company should be minimum of Rs. 1000 (Rs. One Thousand) crore.
- (e) company is registered as a Infrastructure Finance Company (IFC) with RBI or as a Housing Finance Company (HFC) with National Housing Bank;
- (f) NOC from RBI/NHB, in the case of IFC/HFC, with regard to supervisory concerns, if any, must be obtained and enclosed with the application.
- (g) Such IFCs/HFCs, after being declared as PFIs are required to disclose in their audited Financial Statements that they are complying with the directions and conditions laid down by this Ministry.

**3.** It is, however, clarified that in the case of Central Public Sector Undertakings/State Public Sector Undertakings, no restriction shall apply with respect to financing specific sector(s) and net-worth as stated in para 2(c) and (d) above respectively.

This issues with the approval of the competent authority.