

F No. 3/3/2010/CL.V  
Government of India  
Ministry of Corporate Affairs

'A' Wing, 5<sup>th</sup> Floor, Shastri Bhwan,  
Dr. RP Road, New Delhi – 110001

Dated ~~May~~ 2<sup>nd</sup> June, 2011

**Guidelines for declaring financial institution as Public Financial Institutions under  
Section 4A of the Companies Act, 1956**

\* \* \* \* \*

Section 4A of the Companies Act, 1956 was inserted by the Companies (Amendment) Act, 1974 (41 of 1974) with effect from 01<sup>st</sup> February 1975. Sub-Section (2) of Section 4A of the Act empowers the Central Government that subject to the provision of sub-section (1) of the Act, to notify in the Official Gazette such other institutions as it may think fit to be a public financial institution (PFI).

2. In the past, the Ministry was declaring an institution as PFI if it meets any one of clause (i) and (ii) of sub-section (2) of section 4A of the Act. Now, the Central Government has framed following criteria for declaring any financial institution as PFI under Section 4A of the Companies Act, 1956:-

- (a) A company or corporation should be established under a special Act or the companies Act being 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 their financial statement should show that their income from industrial/ infrastructural financing exceeds 50% of their income;
- (d) The net-worth of the company should be Rs one thousand crore;
- (e) Company is registered as Infrastructure Finance Company (IFC) with RBI or as an Housing Finance Company (HFC) with National Housing Bank;
- (f) In the case of CPSUs/SPSUs, no restriction shall apply with respect to financing specific sector(s) and net-worth.

3. In view of above, any financial institution applying for declaration as PFI shall fulfill the aforesaid criteria.

\* \* \* \* \*