

In order to make regulatory regime for Nidhi Companies more effective and also to accomplish the objectives of transparency & investor friendliness in corporate environment of the country, the Central Government has amended the provisions related to NIDHI under the Companies Act and the Rules (effective from 15.08.2019).

Under Nidhi Rules, 2014, Nidhi is a company which has been incorporated with the objective of cultivating the habit of thrift and saving amongst its members, receiving deposits from, and lending to, its members only, for their mutual benefit.

The amended provisions of the Companies Act (Section 406) and Nidhi rules (as amended w.e.f. 15.08.2019) require that the companies have to apply to the Central government for **updateion/ declaration** of their status as Nidhi Company in e-Form NDH-4. These companies are required to ensure strict adherence to provision of Companies Act, 1956/ 2013 and Nidhi Rules, 2014 as amended.

Applications are being received by the Ministry of Corporate Affairs from such companies in e-form NDH-4 for either updateion OR declaration as Nidhi Company. It has been noticed that many of these companies are not following the extant rules. Stakeholders are advised to verify/ ensure that the Nidhi Company in which they are planning to become member, has been declared as such under the amended provisions of Companies Act and is following the rules prescribed in this regard.