

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:648
ANSWERED ON:05.12.2003
NON-BANKING FINANCE COMPANIES
ANIL BASU

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government are aware that five leading non-banking finance companies had not paid huge amounts to its depositors on various plea ;
- (b) if so, the details thereof ;
- (c) whether any enquiry has been made by Reserve Bank of India in this regard ;
- (d) if so, the details thereof ; and
- (e) the steps taken by the Government to realise the amount of depositors from these defaulting NBFCs ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b):- Government is aware that fourteen Non-Banking Finance Companies with Public Deposit of Rs. 10 crore and above having total public deposit of Rs. 1615.04 crores, are defaulting in repayment of Public Deposits.

(c), (d) & (e) :- Comprehensive regulatory framework has been put in place which is aimed at protecting the interests of the depositors and ensuring that NBFCs function on sound and healthy lines. The regulatory framework includes, inter-alia, compulsory registration, maintenance of liquid assets, transfer of at least 20% of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBI takes various actions against errant NBFCs for various defaults and contravention of provisions of RBI Act and directions issued thereunder. Government has introduced Financial Companies Regulation Bill, 2000 in the Lok Sabha on 13th December, 2000. The Bill has been referred to Standing Committee on Finance by the Hon`ble Speaker, Lok Sabha. The Standing Committee on Finance presented its report to the Hon`ble Speaker on 30th June, 2003. The report is under examination of the Government.