

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2641
ANSWERED ON:17.03.2006
REGISTRATION OF NBFCs
Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to come down heavily on the Non-Banking Financial Companies which have been carrying their operation even after rejection of their registration applications ;
- (b) if so, the details of the NBFCs for which registration have been cancelled by RBI;
- (c) whether the enforcement agencies have been asked to prevent operation of such firms in various States; and
- (d) if so, the time by which such companies would be woundup ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a):- The Reserve Bank of India (RBI) issues orders prohibiting Non-Banking Financial Companies (NBFCs) whose applications for certificate of registration have been rejected from accepting further deposits and from alienation of assets except for repayment of the depositors. Their names are placed on RBI's website and suitable public notifications are inserted in newspapers. The names and other details of the rejected companies are intimated to the respective Registrars of Companies and the Economic Offences Wings of the State Government. Besides, depending upon the merit of each case and the gravity of the case, the Bank files Criminal Complaints for non-compliance of Company Law Board orders for repayment of deposits and in extreme cases winding up petitions are filed.
- (b):- The Reserve Bank has so far cancelled the Certificate of Registration of 110 deposit taking NBFCs.
- (c):- The details of the rejected companies are furnished to the Economic Offences Wing of the respective State Government for necessary action. A State Level Coordination Committee has also been put in place which meets at regular intervals for exchange of information and co-ordination among the enforcing agencies.
- (d):- The rejected companies are directed to convert themselves into a non-financial company or dispose of their financial assets or seek voluntary winding up within a period of three years from the date of their rejection.