

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:529
ANSWERED ON:24.11.2006
CHEATING BY NBF AND COOPERATIVE BANKS
Bellarmin Shri A.V.

Will the Minister of FINANCE be pleased to state:

- (a) whether cheating by the Non-banking Financial Institutions (NBFI) and the Cooperative Banks is increasing day by day in the country;
- (b) if so, the number of complaints received during the current year and the action taken in this regard; and
- (c) the steps being taken by the Government for recovering the money deposited by the investors and misappropriated by the proprietors of the so-called Banks?

Answer

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

(a) & (b): It has been reported by Reserve Bank of India (RBI)/National Bank for Agriculture and Rural Development (NABARD) that no such complaints have been received in this regard. However, RBI has received complaints against several Non-Banking Financial Companies (NBFCs) which have defaulted in maturity payments to the depositors.

(c) RBI has been taking action against NBFCs which have not complied with the provisions of RBI Act and the directions thereunder or have shown weaknesses in the financial position. Such action includes prohibiting the companies from carrying on non-banking financial activity, acceptance of deposits and alienation of assets. Wherever the default is persistent in nature, RBI initiates winding up proceedings and also files criminal complaint against the directors of the NBFC. So far, RBI has filed winding up petition against 77 NBFCs and criminal proceedings in 61 cases.