

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:645
ANSWERED ON:24.11.2006
ELUSIVE ADVERTISEMENT BY COMPANIES
Athawale Shri Ramdas

Will the Minister of FINANCE be pleased to state:

- (a) whether attention of the Government has been drawn towards certain advertisements by Non-Government Financial Institutions offering 30 per cent and 24 per cent interest on term deposit schemes in various metropolitan cities especially in Delhi;
- (b) if so, the details thereof;
- (c) whether the rate of interest proposed by such companies on the deposit amounts were approved by the designate Government agency;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor alongwith the action taken/proposed to be taken to save the small investors from exploitation in view of these elusive rates of interest?

Answer

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

(a) & (b) : Reserve Bank of India (RBI) has reported that it has not come across any advertisement by Non Banking Financial Companies (NBFCs) offering 30% and 24% interest on term deposit schemes.

(c) to (e): As per the detailed regulatory framework for NBFCs put in place by RBI, the rate of interest that the NBFCs can pay on their public deposits cannot exceed 11% p.a. w.e.f. 4th March, 2003.