

(vii) Need to relax guidelines issued by R.B.I. for Non-Banking Financial Institutions particularly in Karnataka with a view to

safeguard the interests of depositors

SHRI S.D.N.R. WADIYAR (MYSORE): Sir, the depositors in the Non-banking Financial Institutions (NBFC) in Karnataka are in great danger following the bad management of these financial institutions. There are as many as 50 non-banking financial institutions operating in that State. Besides there are 400 NBFCs involved in small operations in some of the towns and cities. Now, barring a few, almost every non-banking financial institution is on the verge of closure. Most of these NBFCs have asked the depositors to wait for a staggered schedule of repayment while some have refused to repay the depositors since they have poor liquidity or have even become bankrupt. The NBFCs offered high interest rate to its depositors particularly the salaried class who opted to deposit their precious savings with the NBFCs rather than Commercial Banks. The NBFCs have not observed the RBI guidelines in the past.

Keeping in view the growing sickness of NBFCs and the need to protect the interest of depositors it is necessary that the RBI relaxes its guidelines. Unless RBI comes to their rescue, the NBFCs revival will not be possible.

As such, I urge the Union Government to direct the RBI to relax its guidelines for NBFCs. All possible efforts may be made to protect the depositors.