

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:886
ANSWERED ON:23.11.2000
SABANAYAGAM COMMITTEE REPORT
VINAY KUMAR SORAKE

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) the recommendations made by the Sabanayagam Committee on Nidhi Companies;
- (b) whether the Government have examined the said Report;
- (c) whether the Government have received any representation from the apex body of Nidhi Companies, the Chamber of Nidhis, asking for review of the Sabanayagam Committee Report on Nidhi Companies;
- (d) if so, the details thereof; and
- (e) the action taken by the Government thereon?

Answer

THE MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

Part (a) The main recommendations made by Sabanayagam Committee Report, inter-alia, includes :-

- (i) Definition of Nidhi companies;
- (ii) Requirement of initial minimum authorised capital of Rs.25 lakhs and paid up capital of Rs.10 lakhs with minimum of 500 members;
- (iii) Setting ratio of 1:20 for Net Owned funds to deposits;
- (iv) Prescription of prudential norms for deployment of funds of Nidhis;
- (v) Penal provisions in respect of delinquent companies;
- (vi) Greater supervisory role of regulating authority;
- (vii) Ceiling on interest and dividend;
- (viii) Prohibition of issue of preference shares;
- (ix) Restrictions in opening branches;
- (x) Enlarging scope for deployment of Funds like Kisan Vikas Patra and NSC etc.

Part (b) to (e) : The Chamber of Nidhis have been requested to send their suggestions/views on the recommendations of Sabanayagam Committee Report submitted to the Government on 29.9.2000 by 15th of November, 2000. After receipt of all suggestions/comments from Chamber of Nidhis and professional bodies Government's views will be finalised.