

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

UNSTARRED QUESTION NO:3035
ANSWERED ON:07.12.2000
LEGISLATION FOR NON BANKING FINANCE COMPANIES
VINAY KUMAR SORAKE

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

- (a) whether the Government propose to enact a legislation relating to Non-Banking Finance Companies (NBFC) to deal with the corporate insolvency;
- (b) if so, the details thereof;
- (c) whether the proposed legislation would achieve prevention of asset-stripping that is being indulged in under the existing legal frame-work liquidation of companies;
- (d) if so, whether the Reserve Bank of India and the Company Law Board have concurred with the Government's proposal in regard to dealing with defaulting NBFCs;
- (e) if so, the details thereof;
- (f) the quantum of collection under the amnesty scheme offered to non-functional companies; (g) whether these proceeds are primarily utilised for settlement of claims by creditors; and (h) if so, the details thereof?

Answer

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

- (a) to (e): The Government is considering a proposal to enact a separate legislation for Non- Banking Finance Companies (NBFCs) for effective control of financial institutions and protection of the interest of the depositors in financial companies. Further a High Level Committee headed by Justice Shri V. Balakrishna Eradi, Retired Judge of Supreme Court, was constituted by the Government on 22.10.99. The Committee submitted its Report on 31.8.2000. The Government is in the process of formulating a suitable legislative framework.
- (f) to (h) : The Government has introduced a Fast Track Scheme u/s 560 of the Companies Act, 1956 which is expiring on 25.12.2000.