

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:211
ANSWERED ON:25.02.2000
CLEARANCE FOR NEW DEPOSIT SCHEMES
DAGGUBATI RAMANAIDU

Will the Minister of FINANCE be pleased to state:

- (a) whether few years back, the Government issued instructions that all financial companies would henceforth be required to get clearance from approved rating agencies like Investment Information and Credit Rating Agency of India (ICRA), Credit Rating Information Services of India Limited (CRISIL) etc. before launching new Deposit Schemes;
- (b) if so, whether the Peerless General Finance and Investment Limited had adhered to this condition and if not, the reasons therefore; and
- (c) the steps taken by the Government to ensure the safety of the Public Deposits in the company?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) No, Sir. Government did not issue any instructions that all financial companies would be required to get clearance from approved rating agencies before launching new Deposit Schemes.

(b) & (c) : Peerless General Finance and Investment Company Ltd. (PGFICL) belongs to the category of Residuary Non-Banking Financial Company (RNBFC). RNBFCs do not require credit rating for accepting public deposits. The investment pattern prescribed for such companies is considered adequate to cover safety of deposits. For the purpose of safeguarding the interest of depositors, RNBFCs are also enjoined upon to invest at least 80 per cent of the deposit liabilities in the securities as per the prescribed investment pattern. The securities are required to be entrusted to a public sector bank and can be withdrawn only for the purpose of repayment to the depositors. PGFICL had challenged the regulations through some court cases. On conclusion of the court cases, the PGFICL has accepted the extant regulatory provisions.