

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

UNSTARRED QUESTION NO:6471  
ANSWERED ON:08.05.2000  
NIDHI COMPANIES  
SU THIRUNAVUKKARASAR

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

- (a) whether the Government propose to promote insurance cover for depositors in Nidhi companies;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) the steps taken/proposed to be taken by the Government to safeguard the interests of the depositors in Nidhi companies?

**Answer**

MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS

(SHRI RAM JETHMALANI)

- (a) Presently there is no such proposal under consideration of the Government.
- (b) Does not arise.
- (c) and (d) According to the Notification No GSR 737 (E) dated 01.11.1999 every Nidhi or Mutual Benefit Society is required to maintain a contingent fund by transferring half per cent of each deposit to such fund and keep the entire amount in any nationalised bank. The Central Government has the power to appoint a Special Officer to monitor the working of the Nidhi in case there is default in making refund of deposit to more than ten depositors. The Central Government has also the power to order special audit of the accounts of Nidhi companies who shall furnish to the Central Government a certificate regarding compliance of all the requirements specified in the aforesaid notification. Recently the Government has constituted a nine member Committee to examine various aspects of Nidhi companies. The terms of reference of the Committee includes examination of the feasibility of bringing in insurance cover on deposits in Nidhi companies.