

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5013
ANSWERED ON:26.04.2002
FRAUD BY NON BANKING COMPANIES
LAXMAN GILUWA;MANSINH PATEL

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have taken steps to check frauds committed by the non-banking companies;
- (b) if so, the details thereof;
- (c) the names of the non-banking companies which defrauded the public during the last two years; and
- (d) the action taken by the Government against such companies ?

Answer

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

(a) & (b) :- Yes, Sir. Comprehensive regulatory framework has been put in place which is aimed at protecting the interests of the depositors and ensuring that NBFCs function on sound and healthy lines. The regulatory framework includes, inter-alia, compulsory registration, maintenance of liquid assets, transfer of at least 20% of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBI takes various actions against errant NBFCs for various defaults and contravention of provisions of RBI Act and directions issued thereunder. Government has introduced Financial Companies Regulation Bill, 2000 in the Lok Sabha on 13th December, 2000. The Bill has been referred to Standing Committee on Finance by the Hon`ble Speaker, Lok Sabha.

(c):- Reserve Bank of India (RBI) has reported that it has not come across any financial frauds committed by NBFCs operating in the country during the last two years. Though there have been some complaints of depositors as some NBFCs have defaulted in paying deposits due to liquidity problems.

(d):- Does not arise.