

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1310
ANSWERED ON:08.03.2002
NON BANKING FINANCE COMPANIES
YEMPARALA VENKATESWARA RAO

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has fine tuned non-banking finance companies rules by aligning them with Indian Company's Act, 1956; and

(b) if so, the details in this regard ?

Answer

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

(a) and (b) :- Yes, Sir. Reserve Bank of India (RBI) have reported that the Companies (Amendment) Act, 2000 included, inter-alia, the amendments relating to definition of a private company, applicability of Section 58AA of the Companies Act regarding intimation within 60 days to Company Law Board of default, if any, in respect of small depositors, and constitution of Audit Committee by every company having a paid up capital of Rs. 5 crore or above and prescription regarding the composition and methodology of the functioning of the Committee.

RBI has further reported that the above provisions are applicable to NBFCs also. So RBI has issued detailed instructions to NBFCs on 1st January, 2002