

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:613  
ANSWERED ON:09.07.2004  
PUBLIC DEPOSIT BY NON- BANKING COMPANIES  
Reddy Shri S.P.Y.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether there is any mechanism put in place to oversee the funding of Residuary Non-Banking Financial Companies having access to public deposits;
- (b) if so, the details thereof;
- (c) whether periodic inspections are conducted to scrutinise the working of these institutions; and
- (d) if so, when such inspections were last carried out regarding the affairs of Peerless General Finance and Investment Company Ltd. together with the findings thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) :- The Residuary Non-Banking Companies (RNBCs) are regulated by the RBI under the provisions of RNBC Directions, 1987 issued by the Reserve Bank in terms of the powers vested by Chapter IIIB of the RBI Act, 1934.

(c) :- `RNBCs` are subjected to inspection every year.

(d) RBI have reported that an inspection of the books of account and other records of the company was conducted under Section 45N of the RBI Act, 1934 between November 03, 2003 and January 09, 2004 with reference to its financial position as on March 31, 2003. The inspection revealed that the company was complying with provisions of section 45 IA (Net Owned Fund), 45 IB (Liquid asset requirement) and 45 IC (transfer of profit to reserves) of RBI Act. The inspection revealed certain operational irregularities. The company has been directed to rectify these irregularities/deficiencies immediately.