

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2143  
ANSWERED ON:11.08.2006  
NON BANKING FINANCIAL COMPANIES  
Ahir Shri Hansraj Gangaram

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

- (a) whether several non-banking financial companies in metropolitan cities are collecting money from common man and are disappearing quiet frequently;
- (b) if so, the number of such cases reported from each State during each of the last three years;
- (c) whether the Government proposes to bring suitable legislation to check mushrooming of non-banking financial companies;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) :- Reserve Bank of India(RBI)has reported that there are no instances of Non- Banking Financial Companies (NBFCs) collecting money from common man and disappearing quite frequently in metropolitan cities of Chennai, Kolkata and Mumbai. However, four companies are reported to have vanished in New Delhi during the period 2003-06.

(b) :- The details of NBFCs which have collected deposits and vanished during the last three years in different States are at Annexure.

(c) & (e) :- Reserve Bank of India (RBI) has advised that internationally acceptance of public deposits is restricted to banks only and non-banks, including non banking financial companies (NBFCs) raise resources from institutional sources or by accessing capital market. In the Mid-Term Review of the Annual Monetary Policy for the year 2004-05 RBI announced that in line with the international practices, NBFCs are being encouraged to move in this direction. Therefore, it is felt that a separate legislation for Financial Companies is not necessary at this stage.

(d) :- Does not arise.

Annexure

State-wise Deposit taking NBFCs which have been treated as Vanishing Companies