

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3654  
ANSWERED ON:27.04.2007  
VIOLATION OF INSTRUCTIONS DIRECTIVES BY NBFCS  
Chowdhury Shri Adhir Ranjan;Singh Shri Uday

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

(a) whether most of the NBFCS are not adhering to the instructions/directives of the RBI regarding diversion of funds with a view to hoarding of foodgrains as reported in the Times of India dated 24 February, 2007: and

(b) if so, the facts thereof and further steps Government proposes to take in this regard? V

**Answer**

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

(a) & (b) : Reserve Bank of India (RBI) has issued a circular dated February 23, 2007 to all Systemically Important non-deposit taking Non-Banking Finance Companies (NBFCs) with asset size of Rs. 100 crore and above to undertake a scrutiny of their financial exposures to large borrowers for procurement of foodgrains. RBI advised these NBFCs to consider a quick scrutiny of accounts on which they have large exposure and confirm that funds have not been diverted for procurement of foodgrains with a view of hoarding. All such NBFCs have confirmed to RBI that funds have not been diverted for procurement of foodgrains so as to facilitate hoarding.