

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1591

ANSWERED ON:09.03.2007

NBFCS

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Verma Shri Ravi Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether some firms have accessed funds from the Non-Banking Finance Companies to buy and hoard foodgrains as reported in the Times of India dated February 24, 2007;
- (b) if so, the details thereof;
- (c) whether the Reserve Bank of India (RBI) has voiced its concern over some corporate accessing funds from these institutions to buy and hoard foodgrains;
- (d) if so, whether the RBI has sought reports from these institutions; and
- (e) if so, the action taken by the RBI in this regard?

Answer

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

(a) : Reserve Bank of India (RBI) has reported that no such instance has come to their notice.

(b) Does not arise .

(c) to (e) : 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 has 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. They have also been asked to provide a comprehensive report to RBI in this regard.