

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1516
ANSWERED ON:05.03.2010
NON-BANKING FINANCE COMPANIES
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Will the Minister of FINANCE be pleased to state:

- (a) the details of Non-Banking Finance Companies (NBFCs) registered in the country as on date;
- (b) the number of such companies which have disappeared after fraudulently collecting money from people;
- (c) the number of fraud companies traced so far and the number of cheated persons whose money has been somehow recovered and restored to them;
- (d) the role of the Government in getting back the money from such NBFCs; and
- (e) the further steps taken/ being taken by the Government to check such companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) : The details of Non-Banking Financial Companies (NBFCs) registered in the country as on date is as under:-

Companies authorized to accept public deposit	312
Non-deposit taking companies	12352
Total	12664

(b) & (c) : Reserve Bank of India (RBI) has reported that there are 763 companies which have vanished after accepting deposits from public. The data reporting system of RBI does not generate information as asked for. However, whenever a company is identified as vanishing, the case is referred to Economic Offences Wing of the concerned State Government. The onus is on state police machinery to investigate the case and take legal action as deemed appropriate including initiating penal action as per Indian Penal Code/ Criminal Procedure Code.

(d) & (e) : In order to protect the interest of depositors, the steps taken by the Government/RBI include :

- i) Directions have been issued by RBI to NBFCs under Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998 on acceptance of deposits and has also laid down prudential norms.
- ii) RBI initiates adverse action against errant NBFCs for various defaults and contraventions of provisions of Reserve Bank of India Act, 1934, such as issuing orders prohibiting them from accepting further deposits, and alienation of assets. Action taken also involves filing winding up petitions, launching criminal proceedings against such companies and their management.
- iii) The bank also files complaints with the Economic Offences Wing of State Police Authorities to curb unauthorized acceptance of public deposits. In several cases, the Courts have appointed provisional liquidators and have also restrained NBFCs from disposing of their assets in any manner.
- iv) Market intelligence system has been strengthened for picking early warning signals about the health of particular NBFC and to trigger supervisory action.
- v) At the instance of RBI, several State Governments have enacted legislations to protect the interest of depositors' in financial establishments.
- vi) The close co-ordination through institutionalized framework of State Level Co-ordination Committee (SLCC) with the State Government and other regulatory bodies has also resulted in greater/ improved monitoring and restriction of unauthorized acceptance of deposits by NBFCs and Unincorporated Bodies.