

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3461
ANSWERED ON:16.04.2010
NBFCs
Gandhi Shri Feroze Varun

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to encourage the Non-Banking Financial Companies(NBFCs) as critical link in the micro finance sector; and

(b) if so, the details thereof and if not, the reasons therefore?

Answer

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

(a) & (b): Reserve Bank of India (RBI) has reported that as far as NBFCs are concerned, there is no separate classification as 'microfinance' companies. NBFCs are classified as Asset Finance Companies, Loan Companies, Investment Companies and Infrastructure Finance Companies. The prudential norms on capital adequacy and exposure norms are applicable to these companies. NBFCs, however, can undertake 'microfinance' activity.