

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3424  
ANSWERED ON:13.08.2010  
FINANCIAL REGULATION  
Kumar Shri Kaushalendra;Ramkishun Shri

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

- (a) whether Reserve Bank of India (RBI) with other regulators is working for laying down strict rules for Non-banking Finance Companies (NBFCs) and groups;
- (b) if so, the details thereof;
- (c) whether the existing vigilance mechanism is sufficient in view of growing importance of the finance sector;
- (d) if so, the details thereof and if not, the steps taken in this regard;
- (e) whether the Technical Committee of RBI has been deputed as Inter-Regulatory-Forum for monitoring the financial groups; and
- (f) if so, the details thereof along with the steps being taken by the Government in this regard?

**Answer**

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

(a) and (b): Non-Banking Financial Companies (NBFCs) are regulated and supervised exclusively by the Reserve Bank of India (RBI) in terms of powers conferred by the Reserve Bank of India Act, 1934. Therefore, the regulatory framework is formulated by RBI. Further, NBFCs are regulated as companies under the Companies Act, 1956 and are also subject to Securities and Exchange Board of India (SEBI) guidelines in case these are listed.

(c) and (d): The vigilance aspect is taken care of by corporate governance directions issued by SEBI and RBI which are deemed adequate. Further, these companies have to comply with the directions issued by Financial Intelligence Unit (FIU) regarding Know Your Customer (KYC) and Anti-Money Laundering (AML) aspects..

(e) and (f): Technical Committee on RBI Regulated Entities, one of the three sub-committees of High Level Co-ordination Committee on Financial Markets has been designated as a standing inter-regulatory forum to address issues arising out of the monitoring of financial conglomerates. The Technical Committee has representation from RBI, SEBI and Insurance Regulatory and Development Authority (IRDA).