

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3170
ANSWERED ON:19.08.2011
LOAN BY NBFCs AGAINST PROPERTY
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) guidelines classify Non Banking Financial Companies (NBFCs) providing loans against property as an economic activity to the extent of 60 per cent cut off category;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether there is any proposal to include such loans granted by NBFCs backed by collateral of immovable properties for productive / economic purposes under the 60 per cent cut off category;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

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

(a) to (e):- According to Reserve Bank of India (RBI) guidelines, Non-Banking Financial Companies (NBFCs) classified as 'Asset Finance Company' has been defined as a company which is a financial institution carrying on as its principle business of the financing of physical assets supporting productive / economic activity, such as, automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipment, moving-on-own-power and general purpose industrial machines, and aggregate of financing real / physical assets supporting economic activity and income arising therefrom is not less than 60 per cent of its total assets and total income, respectively.