

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3834

ANSWERED ON:27.04.2012

NBFCs

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

- (a) the number and details of NBFCs registered in the country, State-wise including Andhra Pradesh;
- (b) whether the NBFCs are increasingly dependent on the funds from the banks and debentures by banks;
- (c) if so, the details thereof ;
- (d) the details of loan assistance provided by these companies to individuals or Government organisations and other NGOs under various schemes during the last three years and the current year;
- (e) whether micro financing by NBFCs involve high risks and is adversely affecting the borrowers;
- (f) if so, the details thereof and the reasons therefor; and
- (g) the steps being taken to safeguard the financial interest of the banks and reduce risk and help the borrowers with lesser rate of interest or safeguard their deposits?

**Answer**

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

(a) Reserve Bank of India (RBI) has reported that there are 12,413 Non- Banking Finance Companies (NBFCs) registered in the country. The details of these NBFCs are available on the RBI website. A list of the number of registered NBFCs with the Regional Offices of the RBI including the State of Andhra Pradesh, as on 15.03.2012, is at Annex.

(b) and (c): The details of exposure of banks to the NBFCs are as under;-

(Rs. In Crores)

Period NBFCs Borrowings Banks` Subscription to the Debentures /  
from Banks Commercial Paper of NBFCs

March 2010	79,308	11,480
March 2011	1,47,258	10,750
Feb, 2012	1,69,243	50,496

(d): The existing Management Information System of RBI does not generate the required information. However, the total assets of the NBFCs stood at Rs. 1,12,131 crores as at the end-March, 2010 and Rs. 1,16,897 at end- March, 2011.

(e) and (f):- NBFCs involved in micro lending represent a more formal, structured and profit oriented approach towards micro-finance. In the period prior to the promulgation of the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Ordinance, 2010, the NBFCs involved in micro financing witnessed high growth in balance sheets and were said to be involved in multiple lending, ever-greening and coercive recovery practices. The Malegam Committee set up by RBI, recommended certain regulatory changes in the regulation of such NBFCs that would prevent any adverse impact on the borrowers, including creation of a separate category of NBFC. RBI has accepted these recommendations and a revised regulatory framework has been put in place for NBFC-MFI.

(g): In terms of RBI Master Circular on Bank Finance to NBFCs dated July 1, 2011, various restrictions and provisions have been placed regarding banks` exposure to NBFCs, in order to safeguard the financial interests of the banks and to minimize the risks emanating from NBFCs to the banks. Such safeguards, inter-alia, include lower ceilings on bank`s exposure to NBFCs, extending bank finance only for certain permitted activities of the NBFCs, restrictions on bank`s investments in securities issued by NBFCs, etc. In view of higher risks emanating from banks` exposures to NBFCs predominantly engaged in lending against gold jewellery, Monetary Policy Statement 2012-13 announced on April 17, 2012 has stated that banks` exposure to such NBFCs will be further reduced to 7.5 percent of the banks` capital funds, as against 10 percent of the capital funds for other NBFCs.