

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6951
ANSWERED ON:18.05.2012
INTEREST ON DEPOSITS BY NBFCs
Rawat Shri Ashok Kumar

Will the Minister of FINANCE be pleased to state:

- (a) the maximum rate of interest that the Non-Banking Finance Corporations (NBFCs) can offer under various term deposit schemes;
- (b) whether the attention of the Government has been drawn towards certain advertisements offering 14 per cent and 17 per cent interest on term deposit schemes by the NBFCs in various metropolitans, particularly in Delhi;
- (c) if so, the details thereof for the last three years and the current year;
- (d) whether the proposed interest rate by such NBFCs on deposits is approved by any Government agency;
- (e) if so, the details thereof and the reasons therefor; and
- (f) the action proposed to be taken by the Government to prevent exploitation of small investors from these tempting interest rates schemes?

Answer

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

- (a): Reserve Bank of India (RBI) has reported that the maximum rate of interest payable on public deposits by Non-Banking Finance Companies (NBFCs) has been revised to 12.5 per cent per annum on and from 24.04.2007.
- (b) to (f): RBI has informed that whenever instances of unauthorised offer of high interest on deposits by incorporated bodies come to its notice, such cases are referred to the Economic Offence Wing (EOW) of the concerned State Government for necessary action. Further, RBI also issues public advisory/ notice, in the public interest, clarifying / cautioning members of the public about the unscrupulous activities of companies/NBFCs/ other entities in widely circulated newspapers.