

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1355
ANSWERED ON:30.11.2012
COMPLAINTS AGAINST NBFCs
Thakur Shri Anurag Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received any complaints regarding Gold Loans from Non-Banking Financial Companies (NBFCs);
- (b) if so, the details thereof;
- (c) whether the Government has set up any working group/committee to investigate into the matter;
- (d) if so, the details thereof;
- (e) whether the working group has submitted its report to the Government; and
- (f) if so, the details thereof and if not, the time by which the said report is likely to be submitted?

Answer

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

(a) to (f): Reserve Bank of India (RBI) has reported that taking into account the systemic concerns arising out of large borrowing of public funds by Non-Banking Financial Companies (NBFCs) predominantly engaged in lending against collateral of gold, 'Concentration Risk' they are exposed to, as also complaints received against such NBFCs that proper documentation process and Fair Practices code prescribed to them were not being adhered to by them, RBI has constituted an internal Working Group to study the practices and issues arising in lending against gold by NBFCs in India. The Terms of Reference (ToR) of the internal Working Group also include examining the current practices of NBFCs involved in lending against the collateral of gold; to review the extant regulatory norms relating to gold loans and recommend any modifications, if necessary; and to assess whether NBFCs adhere to fair practices code including the Know Your Customer (KYC) norms in extending gold loans.

The Working Group has not submitted its report.