

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:763
ANSWERED ON:01.03.2013
NBFCs
Panda Shri Prabodh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has noticed that the number of Non Banking Finance Companies (NBFCs) are increasing day by day in the country;
- (b) if so, the details thereof, State / UT-wise including West Bengal; and
- (c) the monitoring mechanism put in place by the Government to keep a check on the activities of such NBFCs and protect the interest of the investors?

Answer

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

- (a): No, Sir. Reserve Bank of India (RBI) has indicated that the number of Non-Banking Financial Companies (NBFCs) registered with RBI under section 45IA of the RBI Act, 1934 has been declining over the last three years.
- (b): The data reporting system of RBI does not generate State-wise details of the NBFCs. However, details of the NBFCs registered with the Regional Offices of RBI, as on 25.02.2013 are given in Annex.
- (c): In January, 1998, RBI had put in place a comprehensive regulatory framework for regulation of NBFCs registered with it. Further, RBI also has been issuing guidelines / directions to NBFCs from time to time on various regulatory and supervisory aspects, such as, acceptance of public deposits; income recognition; asset classification and provisioning requirements; capital adequacy; credit and investment exposure norms; asset liability management; disclosure norms; requirement of statutory auditors to furnish exception reports directly to RBI; etc. RBI has also issued guidelines on Fair Practices Code to ensure transparency in operations including on adoption of interest rate models and corporate governance practices in NBFCs. Further, RBI ensures adherence to the guidelines / directions through various periodical returns prescribed for NBFCs, as also at the time of on-site inspection / scrutiny of NBFCs.