

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO: 1457
TO BE ANSWERED ON THE 1st JULY, 2019/ASHADHA 10, 1941(SAKA)

NPAs of NBFCs

1457:

DR. HEENA GAVIT:

DR. AMOL RAMSING KOLHE:

SHRI KULDEEP RAI SHARMA:

SHRIMATI SUPRIYA SULE:

DR. SUBHASH RAM RAO BHAMRE:

SHRI SUNIL DATTATRAYATKARE:

Will the Minister of FINANCE be pleased to state:

- the number of Non-Banking Finance Companies (NBFCs) and Housing Finance Companies functioning in the country, State/UT-wise;
- the details of Non-Performing Assets (NPAs) of NBFC during the last three years and the current year;
- whether the NBFC and Housing Finance Companies are facing an asset liability mismatch as well as funding issues resulting in financial crisis and if so, the details thereof and the reasons therefor;
- whether the Government has conducted any enquiry recently in this regard and if so, the details thereof and the outcome thereof; and
- the action taken/being taken by the Government to help the NBFC's to overcome the financial crisis?

ANSWER

To be answered by
FINANCE MINISTER
(Smt. Nirmala Sitharaman)

(a): As on June 23, 2019, as per Reserve Bank of India (RBI) data, 9,643 NBFCs were registered with RBI. The number of registered NBFCs under various Regional Offices of RBI, along with details of the States and Union Territories over which each Regional Office has jurisdiction, is at Annex 1. As on June 24, 2019, as per National Housing Bank (NHB) data, 101 Housing Finance Companies (HFCs) were registered with NHB. The State-wise and Union Territory wise number of HFCs registered is at Annex 2.

(b): As per RBI data, gross Non-Performing Assets (NPA) ratio of NBFCs (Deposit-taking and Systemically Important Non-deposit-taking NBFCs) during the last four financial years are as under:

Financial year	Gross NPA ratio
2015-16	3.9%
2016-17	6.1%
2017-18	5.3%
2018-19	6.6%

(c): RBI has informed that it is closely monitoring the problem of liquidity being faced by certain NBFCs, mainly due to asset-liability mismatches and the overall liquidity position of

NBFCs. NHB has informed that, as part of due diligence, it is continuously monitoring the liquidity position of 15 major HFCs.

(d): With regard to whether Government has conducted any enquiry recently, the Ministry of Corporate Affairs has informed that the Registrar of Companies, Kerala conducted an inquiry of an NBFC under section 206(1) of the Companies Act, 2013, which brought out non-compliance of certain provisions of the Companies Act, 2013 but no reporting on defaults in repayment/redemption of debentures were observed. The Ministry has further informed that the Serious Fraud Investigation Office (SFIO) has been ordered to conduct investigation in respect of an infrastructure-related NBFC.

(e): NBFCs are regulated and supervised by RBI as per powers vested in it under the provisions contained in Chapter III B of the Reserve Bank of India Act, 1934. As per RBI inputs, a number of measures were undertaken to ameliorate liquidity issues faced by NBFCs. The measures taken include, *inter alia*, the following:

- (i) Open market operations were conducted, in addition to regular Liquidity Adjustment Facility auctions, to inject liquidity in financial markets.
- (ii) RBI permitted special dispensation to banks up until 31st March 2019, whereby the incremental credit to NBFCs and HFCs after October 19, 2018, could be treated as high quality liquid assets for calculation of Liquidity Coverage Ratios.
- (iii) The single-borrower exposure limit for NBFCs that do not finance infrastructure was increased from 10 percent to 15 percent of capital funds, up to 31st March 2019.
- (iv) Banks were permitted to provide partial credit enhancement for non-deposit accepting systemically-important NBFCs registered with RBI and HFCs registered with NHB as per guidelines.
- (v) RBI reduced the minimum average maturity requirement for External Commercial Borrowings in the infrastructure space raised by eligible borrowers from five years to three years.
- (vi) To encourage NBFCs to securitise/assign their eligible assets, the Minimum Holding Period requirement for originating NBFCs was relaxed till December 2019.
- (vii) NBFCs were provided regulatory concessions to enable restructuring of MSME loans.
- (viii) NBFCs with assets over Rs. 5,000 crore have been asked to appoint a Chief Risk Officer to improve the standards of risk management.

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Number of registered NBFCs under Regional Offices of RBI

Regional Office (jurisdiction over State/ Union territory(UT))	Number of registered NBFCs as on
Gujarat, and UTs of Daman and Diu, Dadra and Nagar Haveli)	
Karnataka)	
Madhya Pradesh and Chhattisgarh)	
Odisha)	
Andhra Pradesh, West Bengal and UT of Andaman and Nicobar Islands)	
Chhatisgarh, Madhya Pradesh, Punjab and UT of Chandigarh)	
Kerala and UT of Puducherry)	
Kerala and NCT Delhi)	
Madhya Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura)	
Madhya Pradesh and Telangana)	
Jammu and Kashmir)	
Madhya Pradesh and Uttarakhand)	
Maharashtra and Goa)	
West Bengal and Jharkhand)	
Kerala (Kerala and UT of Lakshadweep)	

Source: RBI

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Number of registered Housing Finance Companies (HFCs) under NHB

State/Union territory	Number of HFCs
Andhra Pradesh	1
Delhi	19
Gujarat	5
Haryana	3
Karnataka	5
Kerala	2
Madhya Pradesh	1
Maharashtra	40
Manipur	1
Mizoram	1
Rajasthan	6
Tamil Nadu	15
West Bengal	2
Total	101

Source: National Housing Bank
