

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
STARRED QUESTION NO. *83

ANSWERED ON TUESDAY, 11TH FEBRUARY, 2025 / MAGHA 22, 1946 (SAKA)

CANCELLATION OF NBFCs LICENSES

***83. SHRI SAMIK BHATTACHARYA:**

Will the Minister of FINANCE be pleased to state:

- (a) the Non-Banking Financial Companies (NBFCs) in West Bengal whose licenses have been cancelled in the last three years, year-wise and category-wise;
- (b) the reasons for cancellation of their licenses, including violations of regulatory norms, non-compliance with Reserve Bank of India guidelines, or other factors;
- (c) the steps taken to strengthen regulatory oversight and compliance by NBFCs in West Bengal with a view to prevent such license cancellations;
- (d) whether investigations have been conducted on the NBFCs with cancelled licenses, if so, the findings thereof; and
- (e) the measures taken to protect depositors and investors affected by cancellation of these licenses in West Bengal?

ANSWER

FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) in respect of Rajya Sabha Starred Question No. *83 for reply on 11.02.2025 regarding Cancellation of NBFCs licenses asked by Shri Samik Bhattacharya.

(a) to (e): Reserve Bank of India (RBI) has apprised that during the last five years, it has cancelled certificate of registration (CoR) of 204 NBFCs based in West Bengal. All these NBFCs pertain to Non-Banking Financial Company-Non-Deposit taking-Investment and Credit Company (NBFCs-ND-ICC) category, details of which are as under:

Year	Number of NBFCs
2020	41
2021	16
2022	65
2023	54
2024	28

RBI has further informed that some of the commonly observed reasons for cancellation of CoR include, *inter alia*, violation of regulatory/supervisory guidelines /instructions of RBI issued from time to time, non-compliance with net owned fund (NOF) requirement, violation of principal business criteria guidelines, fair practices code, voluntarily exiting non-banking financial activities, merger and amalgamation. The violation of regulatory norms includes, *inter alia*, cessation to carry on the business of an NBFC in India, failure to comply with any condition subject to which the certificate of registration had been issued to it, failure to comply with any direction issued by the RBI, failure to pay its present or future depositors in full as and when their claims accrue, affairs of the NBFC not conducted or likely to be conducted in a manner detrimental to the interest of its present or future depositors.

In order to strengthen regulatory oversight and to ensure adherence to the extant regulatory guidelines by NBFCs, including those in West Bengal, continuous off-site monitoring is conducted along with need-based onsite inspections/scrutiny of the NBFCs.

As per RBI inputs, even after the cancellation of CoR, a company is continued to be governed by the relevant provisions of the RBI Act and guidelines regulations/directions issued thereunder, till the repayment of outstanding deposits and till it continues to comply with the principle business criteria applicable to NBFCs. Whenever any NBFC appears to be functioning even after cancellation of their CoR, list of such companies are duly shared with the Registrar of Companies, the Ministry of Corporate Affairs and the Directorate of Economic Offences. In addition, other measures to protect interest of stakeholders include, *inter alia*, issuing public notices informing customers about the cancellation, initiation of liquidation through a court order, appointment of liquidator to oversee the recovery and settlement of claims, if the NBFC had public deposits.

Further, as per inputs received from Central Bureau of Investigation, it has registered 20 cases against NBFCs in state of West Bengal during the years 2020 to 2024.
