

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
UNSTARRED QUESTION NO. 6584**

**TO BE ANSWERED ON FRIDAY, THE 06TH APRIL, 2018
Chaitra 16, 1940(Saka)**

Non-Banking Financial Companies

**6584. SHRI RAYAPATI SAMBASIVA RAO:
SHRIMATI POONAM MANHAJAN:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government/Financial Intelligence Unit recently published a list of 9500 Non-Banking Financial Companies (NBFCs) categorising these companies as high risk financial institutions and blacklisting them, if so, the details thereof and the reasons therefor along with the criteria adopted to categorise them as high risk;
- (b) the number and names of such NBFCs, State/UT-wise;
- (c) the action taken or proposed to be taken by the Government against such NBFCs and the extent by which the public money has been recovered from these NBFCs during the last four years; and
- (d) whether the NBFCs blacklisted/categorised as high risk financial institutions pose a systemic risk to the economy of the country, if so, the details thereof?

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)**

(a) As per Section 2(1)(l) read with 2(1)(wa) of PMLA 2002 Non-Banking Financial Companies (NBFCs) have been defined as Reporting Entities for FIU IND, for certain purposes/obligations as laid down in the PML Act and Rules. The Reserve Bank of India is the regulator for Non Banking Financial Companies (NBFCs).

Out of the 11456 NBFC's registered with RBI as on 31.01.2018, 9491 NBFCs had not registered their Principal Officers (PO) with FINNET portal of FIU-IND as on 31.01.2018. Since these 9491 NBFCs had failed to fulfil the very basic obligation of registering their PO with FIU IND under PMLA & PML Rules, they remain outside the reporting regime of FIU-IND and therefore, they are not filing the statutory reports relating to transactions specified under PML Act and Rules, which they are obliged to file. Therefore, FIU- IND had categorised these unregistered NBFCs as high risk financial institutions as they could pose a risk to the integrity of the country's financial system.

FIU-IND has on 20.03.2018 classified them as 'Non-compliant NBFCs who have not fulfilled their obligations under PML Act and Rules relating to Registration of Principal Officer'.

(b) Only the names of 9491 NBFC were uploaded on the website of FIU IND which have been culled out from the list of NBFCs available on the website of RBI. FIU IND does not have the address of all 9491 NBFCs. The names and addresses of all these NBFCs may be obtained from RBI/RBI Website which are available on the RBI link www.rbi.org.in/scripts/bs_nbfclist.aspx

(c) FIU IND uploaded the list of 9491 non-compliant NBFCs on its website. A press release dated 22.3.2018 was also issued by D/o Revenue inter-alia mentioning the statutory provisions of PMLA relating to NBFC and mandatory requirement of registration of NBFCs and their Principal Officer (PO) on FINnet Gateway portal of FIU IND for filing prescribed reports. Press release also indicates that the said list has been published so as to enable the bankers to conduct enhanced due diligence of transactions carried out by such NBFCs.

These efforts and action undertaken by FIU IND are aimed to get these erring NBFCs registered with FIU IND, and thus bring them into the ambit of mandatory reporting regime.

Since the list of such 9491 NBFCs was uploaded on FIU-IND website, PO of 1002 NBFCs out of the above mentioned list have registered with FIU-IND till 31.03.2018

(d) All Reporting Entities are required to fulfil their obligations under the PML Act and Rules to ensure a strong Anti-money Laundering(AML)/Combating Financing of Terrorism (CFT) framework in the country. The publication of the names of NBFCs on the official website of FIU-IND is a step in this direction.