

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO-†1090

ANSWERED ON MONDAY, JULY 29, 2024/SHRAVAN 7, 1946 (SAKA)

LOANS FROM NON-BANKING FINANCIAL COMPANIES (NBFCs)

†1090. SHRI SATPAL BRAHAMCHARI

Will the Minister of FINANCE be pleased to state:-

- whether the Government has ever conducted an assessment regarding the total number of individuals who have taken loans from Non-Banking Financial Companies (NBFCs) and nationalized/commercial banks;
- if so, the details thereof and if not, the reasons therefor;
- whether the Government is aware that some non-banking financial companies are charging almost double rate of interest on the loan as compared to nationalized banks; and
- if so, the details thereof and the steps taken thereon?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (d): As per the Reserve Bank of India (RBI) inputs, there were total 36,84,50,351 individual loan accounts in Scheduled Commercial Banks (SCBs) as on 31.3.2024, while the corresponding data in respect of NBFCs is not maintained by it. However, the details of outstanding gross loans and advances of NBFCs and SCBs for the last three financial years are as under.

(Amounts in crore Rs.)

	As on 31.3.2022	As on 31.3.2023	As on 31.3.2024
NBFCs	29,99,717	34,77,545	41,01,224
SCBs	1,27,50,006	1,47,57,129	1,75,08,086

Rate of interest charged by different regulated lenders like banks and NBFCs on loans and advances are as per their Board-approved policies and within RBI guidelines. It depends on various factors such as cost of funds, cost of operations, creditworthiness of the borrower, risk profile of borrowers, availability and type/quality of collateral, business strategy of the lender, market competition, expected return on equity, etc. These factors are not the same across all the lenders/ loans/ borrowers and hence, give rise to difference in interest rates charged by different lenders.

RBI has deregulated the interest rates to be charged by NBFCs on their loans and advances. The rate of interest charged by NBFCs is governed by the terms and conditions of the loan agreement entered into between the borrower and NBFCs. The regulations issued by Reserve Bank on interest rates on advances are aimed at ensuring fairness and transparency. As per the extant guidelines, NBFCs are required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium, and determine the rate of interest to be charged for loans and advances. The rate of interest and the rationale for charging different rates of interests to various categories of borrowers has to be disclosed to the borrowers or customers in the application form and communicated explicitly in the sanction letter. Further, Boards of NBFCs are required to lay down appropriate internal principles and procedures in determining interest rates.
