

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 3353

ANSWERED ON MONDAY, 16th DECEMBER, 2024/ AGRAHAYANA 25, 1946 (SAKA)

WITHDRAWAL OF LICENCES OF NBFCs BY RBI

3353. SHRI S VENKATESAN:

Will the Minister of FINANCE be pleased to state:

- (a) the reasons for deposits of Non-Banking Finance Companies (NBFCs) not covered by the Deposit Insurance Credit Guarantee Corporation (DICGC);
- (b) the number of licences of NBFCs that have been withdrawn by Reserve Bank of India during the last ten years along with the reasons therefor;
- (c) the total number of NBFCs which are deposit taking NBFCs;
- (d) the total money lost by the public due to bankruptcy of NBFCs; and
- (e) whether many borrowers of the NBFCs are harassed by the recovery agents of NBFCs and if so, the steps taken by the Government and RBI to prevent the same?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a): The Deposit Insurance Credit Guarantee Corporation (DICGC) is governed by “The Deposit Insurance and Credit Guarantee Corporation Act, 1961”. The DICGC protects the deposits of insured banks in terms of section 2(i) of the DICGC Act, 1961. The insured banks are the banks registered with the DICGC, which include commercial banks {public sector banks, private sector banks, foreign banks, small finance banks, payment banks, regional rural banks, and local area banks} and co-operative banks {primary (urban) co-operative banks, state co-operative banks, and district central co-operative banks}.

(b): As on 30.06.2024, There are 5728 Non-Banking Finance Companies (NBFCs) and Asset Reconstruction Companies (ARCs) whose Certificate of Registration (CoR) has been cancelled by Reserve Bank of India (RBI).

(c): As on 30.06.2024, 25 Deposits taking NBFCs are registered with RBI.

(d) and (e): Complaints received regarding harassment of borrowers by recovery agents are taken up with the Supervised Entities (SEs) for immediate action by RBI. RBI has also issued the circular on ‘Guidelines on Fair Practices Code for Lenders’ dated 05.05.2003. The guidelines provide for informing borrowers of comprehensive information about the fees/charges, etc. Moreover, the guidelines direct lenders to release all securities on receiving payment of loan or realisation of loan and non-interference in the affairs of the borrowers by lenders. For recovery of loans, the guidelines prescribe that the lenders should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc

Further, compliance to RBI guidelines issued to Regulated Entities (REs) is examined during their Supervisory Assessment and any non-compliance observed is taken up with the REs for the rectification apart from initiating supervisory/ enforcement action against the REs, as per regulations and law.