

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

RAJYA SABHA

QUESTION NO 09.11.2010

ANSWERED ON

FUNCTIONING OF NBFCs IN MICRO FINANCE SECTOR IN A.P.

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SHRI SYED AZEEZ PASHA

Will the Minister of FINANCE be pleased to state :-

- (a) the number of Micro-Finance Institutions (MFIs) registered with the Reserve Bank of India (RBI) as Non-Banking Financial Companies (NBFCs) in India as on date;
- (b) the number and names of such NBFCs regulated and operating in Andhra Pradesh in the Micro-Finance Sector;
- (c) whether RBI has cancelled any of these licenses for delinquent action by the NBFCs in Andhra Pradesh during the financial year 2010-11;
- (d) if so, the reasons therefor; and
- (e) the steps proposed by RBI to initiate an inquiry into the working of the Micro-Finance Sector in Andhra Pradesh?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI NAMO NARAIN MEENA)

(a) & (b): The Reserve Bank of India(RBI) has reported that Micro Finance Institutions(MFIs), incorporated as companies under the Companies Act 1956, are registered with RBI as Non Bank Finance Companies(NBFCs). Such NBFCs-MFIs, undertaking microfinance activity are classified as “loan” companies and regulated in terms of the provisions of the Chapter III B of RBI Act, 1934 and the Directions issued under it. There are 36 companies that are into micro financing registered as NBFCs with RBI. The names of such NBFCs operating in India including those in Andhra Pradesh are at Annex.

(c) to (e): RBI has not cancelled any certificate of Registration (Licence) for delinquent action by NBFCs in Andhra Pradesh during 2010-11. RBI has set up a Sub-Committee of the Central Board of Directors of the Reserve Bank under the Chairmanship of Shri Y.H. Malegam, a senior member on the Central Board of Directors of the Reserve Bank of India to study the issues and concerns in this sector, including ways and means of making interest rates charged by them reasonable. The Sub-Committee is expected to submit its report in three months.