

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

UNSTARRED QUESTION NO. 2045

TO BE ANSWERED ON THE 21<sup>ST</sup> DECEMBER 2018/AGRAHAYAN 30, 1940 (SAKA)

Cancellation of NBFCs Registration

2045. SHRI L.R. SHIVARAME Gowda:  
SHRI JYOTIRADITYAM. SCINDIA:  
SHRI P.K. KUNHALIKUTTY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the number of Non-Banking Finance Companies (NBFCs) is increasing day by day in the country and operating without requisite registration, if so, the details thereof including the reaction of the Government thereto;
- (b) whether the Reserve Bank of India (RBI) has recently cancelled certification of registration of a large number of such NBFCs for unspecified reasons, if so, the details of the NBFCs whose registrations have been cancelled across the country during the last two years along with the specific reasons each for cancelling the registration of NBFCs;
- (c) the details of new NBFCs registered by RBI during the calendar year 2017 and 2018;
- (d) the details of the NBFCs against whom complaints regarding non-payment of investors' money have been received by the RBI during the last three years along with the reaction of the Government thereto; and
- (e) whether the Government has any proposal to regulate/scrutinize such companies in the wake of the recent scams noticed therein and if so, the details thereof and the monitoring mechanism put in place to keep a check on the activities of the said companies and to protect the interest of the investors?

ANSWER

Minister of State in the Ministry of Finance  
(SHRI SHIV PRATAP SHUKLA)

(a) to (e): RBI has apprised that it registers and regulates NBFCs under Chapter III B of the RBI Act, 1934, and that as per section 45IA of the Act, it is mandatory for companies doing Non-Banking Financial Institution (NBFI) business and meeting Principal Business Criteria: of company's financial assets constituting more than 50 per cent of the total assets and income from financial assets being more than 50 per cent of the gross income to get registered as NBFC with RBI.

RBI has further informed that the number of NBFCs registered with it has come down from 11,400 as on 31.3.2018 to 10,102 as on 30.9.2018, due to cancellation of the Certificate of Registration (CoR) of companies which did not comply with those mandatory RBI requirements. Details of cancelled NBFCs for the last two years are at Annexure 1. These

cancellations have happened due to either voluntary surrender of CoR or due to non-compliance with mandatory requirements like minimum Net Owned Fund (NOF) of ₹ 2 crore, non-submission of statutory returns, not being traced at the given address, etc. RBI has also informed that NBFCs registered with RBI are subject to on-site inspection and off-site monitoring through return submission and through statutory auditors' reports. On the basis of assessment through the above supervisory process, necessary supervisory action is taken on registered NBFCs, if deemed necessary. Details of NBFCs registered by RBI from July 2017 to June 2018 are at Annexure 2. As per inputs received from RBI, NBFCs against which complaints regarding non-payment of investor money have been received by RBI during the last three years are as under:

1. Singland Investmenst Ltd.
2. Punjab State Industrial Development Corporation Ltd.
3. UK Fin Services Ltd.
4. IL & FS
5. SIGS Financial Services
6. Manappuram finance Ltd.

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**Details of NBFCs whose CoR has been cancelled by RBI during last two years**

S. No.	Regional Office of RBI	Number of cancellation of CoR
1.	Ahmedabad	48
2.	Bengaluru	27
3.	Bhopal	11
4.	Bhubaneswar	4
5.	Chandigarh	79
6.	Chennai	103
7.	Guwahati	2
8.	Hyderabad	48
9.	Jaipur	28
10.	Jammu	16
11.	Kanpur	89
12.	Kolkata	617
13.	Mumbai	190
14.	New Delhi	203
15.	Patna	9
16.	Thiruvananthapuram	16
	Total	1,490

*Source: RBI*



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Classification-wise number of NBFCs registered from July 2017 to June 2018

Category	July 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018	Total
Loan Company	5	15	6	11	8	12	9	8	9	7	16	7	113
Investment Company	-	-	-	-	2	1	-	2	1	-	5	4	15
Core Investment Company	-	-	-	1	-	-	-	-	-	-	2	1	4
Asset Reconstruction Company	-	-	-	-	-	-	-	-	-	1	-	-	1
Factor	-	-	-	-	-	-	-	1	-	-	-	-	1
P2P	-	-	-	-	-	-	-	-	-	-	-	5	5
<b>Total</b>	5	15	6	12	10	13	9	11	10	8	23	17	139

Source: RBI

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