

Expenditure Statement", setting forth a three-year rolling target for expenditure indicators with a view to undertaking a de-novo exercise for allocating resources for prioritized schemes and weeding out other that have outlived their utility. It would also encourage efficiencies in expenditure management.

The Government of India has taken several steps to increase the rate of growth in the economy that, *inter alia*, include; measures to speed up implementation of projects through-the Cabinet Committee on Investment, chaired by the Prime Minister, boost to infrastructure financing by encouraging Infrastructure Debt Funds and steps to enhance credit to infrastructure companies; strengthening of financial and banking sectors; steps to achieve fiscal consolidation and to control current account deficit and inflation, thereby providing a stable macro-economic environment conducive to growth; liberalisation of foreign capital inflows, including foreign direct investment, to several sectors; and, steps to boost manufacturing growth.

(b) The level of Fiscal Deficit during current year i.e. 2013-14, up to December, 2013 is Rs. 5,16,390 crore which is 95.2 % of BE 2013-14. As against the 1st Revised Estimate of the growth rate of 4.5 % in the gross Domestic Product (GDP) at factor cost (at constant 2004-05 prices) for the year 2012-13, the growth rate in the same for the year 2013-14 has been projected by the central Statistical Office at 4.9 %, as per Advance Estimates, indicating a mild pick-up in growth.

(c) In the B.E. 2013-14, target set for Fiscal Deficit is Rs.5,42,499 Crore which is 4.8 % of GDP. The Government has not fixed any annual targets for GDP growth rate.

(d) Government is committed to maintain Fiscal Deficit at 4.8% of GDP during the year 2013-14. In respect of Economic Growth, the achievement of the Government will become known after the end of the Financial Year 2013-14 and compilation of all relevant data/information.

#### **RBI's warning to NBFCs on gold loan**

2518. DR. T.N. SEEMA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has warned various Non-Banking Finance Companies (NBFCs) to stop accepting the deposit from public;

(b) if so, the details thereof;

(c) the amount deposited/collected by the NBFCs during the last three years and the action taken/proposed to be taken by Government in this regard;

(d) whether Government or the Reserve Bank of India (RBI) has directed the Public Sector Banks to reduce their exposure especially granting loans against gold to NBFCs; and

(e) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) Reserve Bank of India (RBI) has issued Prohibitory Orders (POs) to some deposit taking Non Banking Finance Companies (NBFCs) prohibiting them from accepting deposits under section 45MB of RBI Act, 1934 on account of violation of the provisions of the RBI Act, 1934, or for failure to comply with the directions or orders given by the RBI. The details, viz. the amount of deposit collected, outstanding public deposit and action taken by RBI in respect of (i) deposit taking NBFCs registered with RBI; (ii) Residuary NBFCs; (iii) NBFCs registered with RBI; and (iv) Non-deposit taking NBFCs registered with RBI is given in Statement (*See below*).

(d) and (e) In view of the rapid growth of bank credit to the NBFCs engaged in lending against gold jewellery as their principal business, RBI considered it necessary to prescribe certain regulatory ceilings / additional safeguards for banks while lending to NBFCs which have gold loans to the extent of 50% or more of their financial assets. Rapid growth of NBFCs lending against gold jewellery could lead to a cascading effect in the financial system in case of any sharp adverse movement in the gold prices. This might get further exacerbated when borrowers start defaulting and lenders start distress sale of the gold collateral to realise their loan exposure.

In view of the foregoing concerns and as a prudential regulatory measure, RBI issued a circular dated 18.05.2012 on "Bank Finance to NBFCs Predominantly engaged in lending against Gold", advising banks to reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50 per cent or more of its total financial assets, from 10 per cent to 7.5 per cent of banks' capital funds. Further, banks were also required to fix an internal sub-limit for their exposures towards such NBFCs within the internal limit fixed by them for their exposures towards all the NBFCs taken together.

**Statement***The details of NBFC's against whom the prohibitory orders issued by RBI for accepting the deposits*

Sl. No.	Category of NBFC	Deposits collected by the company during the last 3 years			Outstanding Public Deposits X In lakhs (as on)	Remarks
		31st Mar 2012	31st Mar 2013	30th Sept, 2013		
1	2	3	4	5	6	7
<b>(a) Deposit taking NBFC</b>						
i	M/s. The Instalment Supply Ltd.	NIL	NIL	NIL	67.44 (31.12.2013)	Prohibitory Order issued on 22.09.11
ii	M/s. Escorts Finance Ltd.	NIL	NIL	NIL	1607.31 (31.01.2014)	Prohibitory Order issued on 31.07.06
iii	Money Masters Leasing & Finance Limited	NIL	NIL	NIL	414.23 (31.03.2013)	Prohibitory Order issued on 15.12.11
iv	Ramir Finance & Leasing Co. Ltd.	NA	NA	NA	NA	Prohibitory Order issued on 29.05.13
V	Integrated Finance Company Ltd.	NIL	NIL	NIL	3421.00 (31.03.2011)	Prohibitory Order issued on 18.01.05

1	2	3	4	5	6	7
vi	Proficient Leasing & Finance Company Ltd..				0.65 (31.12.2013)	Prohibitory Order issued on 28.02.11
<b>(b) Residuary NBFC</b>						
i	Peerless General Finance and Investment Ltd.				1,70,371 (31.12.2013)	RBI has advised the company to stop accepting deposits
ii	Sahara India Financial Corporation Ltd.				1,51,280 (31.12.2013)	Speaking order was issued to the company on 04.06.2008 prohibiting the company from accepting deposits
<b>(c) NBFCs registered with RBI as on 31.01.2014</b>						
i	Kim Investments Ltd., Amritsar				204.90 (30.09.2013)	RBI has advised the company to stop accepting deposits
ii	Kuldip Finance Ltd.				2.55 (30.09.2013)	RBI has advised the company to stop accepting deposits
iii	Punjab Kashmir Finance, Ltd.				NA (30.09.2013)	The company has been prohibited from accepting public deposits with effect from 19th October, 2012 from outside the state of its registration.

iv	PKF Finance Ltd.	NA (30.09.2013)	The company has been prohibited from accepting deposits with effect from 19.10.2012 from outside the state of its registration
v	Thakar Investment Ltd., Shimla	0.00 (30.09.2013)	The company has been advised not to accept public deposits with effect from 09.03.2012
vi	Mitter Finance Ltd. Ludhiana	0.00 (30.09.2013)	The company has been advised not to accept Public Deposits with effect from 28.11.2011
vii	Nau- Nidh Finance Ltd. Moga	NA (30.09.2013)	The company has been advised not to accept Public Deposits with effect from 07.02.2012
viii	Amrit Hire Purchase Ltd.	623.44 (30.09.2013)	The company has been advised not to accept public deposits with effect from 12.09.2013
ix	Fullerton India Credit Co. Ltd.	Nil (30.09.2013)	The company has been advised not to accept Public Deposits.
x	Brijendra Hire Purchase & Finance Ltd.	0.00 (30.09.2013)	The company has been advised not to accept public deposits from 30.04.2008

*Written Answers to*

**[18 February, 2014]**

*Unstarred Questions*

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1	2	3	4	5	6	7
xi	Achal Finance Ltd.				40 (31.12.2013)	The Company has been advised not to accept Public deposits with effect from 09.08.2012
<b>(d) Non-Deposit taking NBFCs registered with RBI</b>						
i	Credible Securities & Finance (P) Limited				522.37 (31.03.2012)	The Prohibitory Order was issued to the company on 16.12.2013
ii	Rhine and Raavi Credits & Holdings Ltd.				627.00 (01.05.2013)	The Prohibitory Order was issued to the company on 30.10.2013