

## **Non-banking financial companies (NBFCs)**

3.45 With the amendment to the RBI Act in 1997, a comprehensive regulatory framework for NBFC sector was put in place. The regulatory framework was tightened during the current year. Non-submission of periodic returns to RBI is a common feature. To address this problem, RBI had decided to impose penalties besides considering cancellation of certificate of registration of NBFCs having deposits of Rs. 50 crore and above. In case of default in the submission of returns, it is proposed to progressively reduce the stipulation in respect of the size of the deposits over time to cover all NBFCs. In April,

2002, RBI announced that the past due period of 30 days for identification of NPAs by NBFCs would be done away with from March 31, 2003. RBI issued guidelines for identification of loss assets on an objective basis so that NPAs are promptly classified and adequate provisions are made against such assets.

3.46 The total outstanding deposits of 981 reporting NBFCs amounted to Rs. 18,085 crore at the end of March, 2001 equivalent to 1.9 percent of the aggregate deposits of SCBs. At the end of March, 2000, outstanding deposits of 1,005 reporting NBFCs amounted to Rs. 19,342 crore.