

'RBI not for NBFCs taking deposits'

N.S. Vishwanathan

The Reserve Bank of India (RBI) is not in favour of allowing non-banking finance companies (NBFCs) to accept deposits, Deputy Governor N.S. Vishwanathan said.

"Taking deposits will bring with it the treasury function, which would make business tougher for NBFCs," Mr. Vishwanathan said addressing an Assocham event on NBFCs. "The RBI is not in favour of allowing NBFCs to take public deposits," he said.

Mr. Vishwanathan said the licences already given would, however, not be revoked.

The Deputy Governor said that NBFCs were one of the bright spots of the Indian economy, with advances growing by 14-15%, which was higher than at banks, Mr. Vishwanathan noted.

The RBI regulates NBFCs for three reasons, he said. The reasons include depositor protection, the fact that many NBFCs rely on banks to finance their liabilities and also to regulate the interface between customers and NBFCs.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com