



Daily current affairs

Posted at: 04/08/2018

Non Banking Financial Company (NBFC)

- A Non Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 of India, engaged in the business of loans and advances, acquisition of shares, stock, bonds, hire-purchase insurance business or chit-fund business but does not include any institution whose principal business includes agriculture, industrial activity or the sale, purchase or construction of immovable property.
- The working and operations of NBFCs are regulated by the Reserve Bank of India (RBI) within the framework of the [[Reserve Bank of India Act, 1934]] (Chapter III-B) and the directions issued by it.
- On November 9, 2017, Reserve Bank of India (RBI) issued a notification outlining norms for outsourcing of functions/services by Non-Bank Financial Institution (NBFCs) As per the new norms, NBFCs cannot outsource core management functions like internal audit, management of investment portfolio, strategic and compliance functions for know your customer (KYC) norms and sanction of loans.

What is microfinance ?

- The term microfinance refers to all financial products and services developed for those excluded from traditional banking channels. Microfinance encourages social and banking inclusion, by enabling socially vulnerable people to benefit from productive loans, savings solutions and more.
- Their crucial difference from “classic” products and services: the relatively small amount of the actual loan.

MFIs can operate under different statuses. They may function as:

- A non-profit (often an NGO),
- A mutual fund or cooperative,
- A commercial company (banks or other companies such as non-banking financial companies (NBFCs).

Benami Transactions (Prohibition) Amendment Act, 2016

- The Benami Transactions (Prohibition) Amendment Act, 2016, designed to curb black money and passed by parliament in August 2016 & came into effect from 1st Nov. 2016. The new law amended the Benami Transactions Act, 1988 and renamed as the

Prohibition of Benami Property Transactions (PBPT) Act, 1988. The amendment act also to strengthen the parent Act in terms of legal and administrative procedure.

Highlights of Key Provisions of Benami Transactions (Prohibition) Amendment Act, 2016

- The person found guilty may have to face rigorous imprisonment for a period not less than 1 year & which may be extended to maximum of 7 years. In addition to imprisonment, there would be a penalty of 25 percent which will be calculated on the fair market value of the property.
 - Any person who is asked to furnish any information under this act, if intentionally provides false information shall face rigorous imprisonment of not less than 6 months which may extend up to 5 years along with the fine of 10 percent of the fair market value of the property.
 - Properties held benami are liable for confiscation by government without compensation.
 - Initiating Officer may pass an order to continue holding property and may then refer case to Adjudicating Authority which will then examine evidence and pass an order.
 - Appellate Tribunal will hear appeals against orders of Adjudicating Authority.
 - High Court can hear appeals against orders of Appellate Tribunal.
-
-



SAHAYA IAS
www.sahayaias.com