

Finance ministry puts out list of 9,500 'high risk' finance companies

The Financial Intelligence Unit (FIU) under the finance ministry has released a list of nearly 9500 non-banking financial companies (NBFCs) which have been categorised as 'high risk financial institutions'. The list released by FIU-India on its website shows the names of NBFCs which have been categorised 'high risk' and found non-compliant to the Prevention of Money Laundering Act rules as on January 31.

[See Full list Here](#)

After the November 2016 demonetisation of Rs 500 and Rs 1,000 notes, NBFCs and several rural and urban cooperative banks had come under the scanner of the income tax department and the Enforcement Directorate for illegally converting banned currency notes of people who had unaccounted income.

Many of these NBFCs and cooperative banks were found converting banned currency notes by receiving cash as deposits and issuing back-dated fixed deposits and cheques despite the fact that the RBI had prevented them from taking such deposits.

As per the PMLA, all NBFCs have to appoint a principal officer in the financial institution and report all suspicious and cash transactions of Rs 10 lakh and above to the FIU. Section 12 of PMLA also requires "every reporting entity to maintain records of all transactions and to verify the identity of their clients and their beneficial owners in the manner prescribed" to the FIU.

These entities are also required to preserve records of transactions and identity of clients for five years.

(Times of India)