



## Increased Regulatory Action on Nidhi Companies

[Source: LM](#)

In 2024, the **Ministry of Corporate Affairs (MCA)** and [Registrars of Companies \(RoCs\)](#) significantly **intensified action** against [Nidhi companies](#) and **firms defaulting on beneficial ownership disclosures**.

- This was done to ensure financial transparency, curbs illicit activities in the non-banking sector, and strengthens corporate governance.
- RoCs issued 131 orders against Nidhis, a **72% rise from 2023**, with penalties ranging from Rs 10,000 to Rs 30 lakh.
- **Beneficial Ownership** refers to the individuals who **ultimately own or control a company**, even if the shares are held in another person's name.
  - Under the [Companies Act, 2013](#), companies must disclose the identity of individuals who have **significant control or own 25% or more of the shares**.
- **Nidhi Companies** are [non-banking financial entities \(NBFC\)](#) that operate under **Section 406** of the **Companies Act, 2013**.
  - These companies are formed to **encourage savings and provide loans** exclusively to their **members**.
  - Nidhis are **not required to obtain an RBI license** but must adhere to strict disclosure and operational norms.
  - They are registered as **public limited companies** and include "**Nidhi Limited**" in their name.
  - They must maintain a minimum of **200 members** within a year and **Rs 20 lakh in net owned funds**.

**Read More:** [Nidhi Companies](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/increased-regulatory-action-on-nidhi-companies>