

FIDC

Finance Industry Development Council

(A body incorporated as a Self Regulatory Organisation for Registered NBFCs)
101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077 (India)
Tel: 022 21027324/9820035553 • E-mail: maheshthakkar45@yahoo.in website: www.fidcindia.org

February 01, 2017

Madam/Sir,

SUB: DISCUSSION PAPER ON EXPANDING THE SCOPE OF CREDIT REPORTING SYSTEM IN INDIA

As you are aware, the Asset Financing NBFCs (NBFC-AFCs) and Loan Finance NBFCs registered with Reserve Bank of India have joined hands and formed a Self Regulatory Organization (SRO) under the name of **Finance Industry Development Council (FIDC)**.

These NBFCs have been recognized for their role in asset creation and credit delivery in remote corners of India and have carved a niche for themselves in the semi-rural and rural segments of the country. NBFC-AFCs are also playing a vital role in furthering the cause of Financial Inclusion and in credit dispensation to the poor states/credit starved areas for over 6 decades.

We are forwarding herewith our response to the above referred Discussion Paper.

We hope you will look into our concerns.

The key Managing Committee Members of FIDC would be glad to present our views in person at a mutually convenient date and time.

We look forward to an immediate positive response and are confident that we are in the process of a long and beneficial relationship.

Thanking you,

Yours faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

MAHESH THAKKAR
DIRECTOR GENERAL

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RBI's Discussion Paper on Expanding the Scope of Credit Reporting System in India

Background

Department of Banking Regulations of Reserve Bank of India (RBI) has prepared a discussion paper on expanding the scope of credit reporting system in India (Ref.: DBR.CID8195/20.16.42/2016-17), seeking to identify various aspects of credit information reporting that may be relevant for strengthening the credit information reporting system in India by expanding the scope of both 'credit information' and 'credit institutions'.

Feedback

We welcome the proposed changes in the discussion paper, **subject to** the following:

Section	Section heading	Feedback
1.1 (iv)	Current Account & Savings Account Details	Given the widely fluctuating nature of account balance even within a month, capturing the complete information by a central repository may be humongous. Frequent changes of option by frequent exercise of consent by the account holders may only make the situation more complex. Currently, finance companies anyway seek

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Section	Section heading	Feedback
		the bank statement for relevant period at the time of underwriting of credit applications.
1.1 (v)	Non-financial assets	‘Non-financial assets’ may cover a wide spectrum and could be of a sensitive nature. Putting this in the public domain, is likely to compromise the borrowers’ privacy.
1.1 (vi)	Public Information	While publicly shared information by corporates such as financial results and annual reports may be made part of the proposed credit reporting format, when it comes to individuals, there is no appropriate mechanism to check the veracity and integrity of such data.
1.3	Non-credit information	The term ‘social media’ has been attracting varying definitions by various players. To add to this, like <i>public information</i> , veracity and integrity of the information available in social media is unverifiable and cannot, therefore be relied upon.

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Suggestion in Section 1.2: Broadening the scope of credit information to include investments:

NSDL is sending consolidated statements detailing the investments made in stocks, mutual funds, etc. It is suggested that this report be made part of the Credit Information Report of all **Non Performing individual borrowers** having **credit exposure of greater than Rs.1 crore** from all sources of credit.
