

FIDC

Finance Industry Development Council

(A body incorporated as a Self Regulatory Organization for Registered NBFCs)
101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077 (India)
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July 24, 2017

Mr. S S Mundra,
The Deputy Governor,
Reserve Bank of India,
Central Office Building,
19th Floor, Shahid Bhagat Singh Road,
Mumbai-400 001.

Respected Sir,

Sub: Representation for Non-Banking Financial Companies (NBFCs) - net owned fund (NOF) requirement of INR 2 (two) crores as on March 31, 2017

Introduction:

Finance Industry Development Council (FIDC) is a Self-Regulatory Organization (SRO) cum Representative Body of the NBFCs, registered with the Reserve Bank of India and engaged in Asset Financing. FIDC was formed 12 years ago, at the behest of the then RBI Governor and is the recognized face of NBFCs, specially, those engaged in asset financing. We have been engaged in regular interactions both with Reserve Bank of India and Ministry of Finance, which include pre-budget meetings with the Hon'ble Finance Minister and also important policy related meetings with the Governor and Deputy Governor of RBI. Almost all the leading NBFCs and a large number of small and medium sized NBFCs are our members.

We are writing this in connection to the notification number DNBR (PD) CC.No. 002/03.10.001/2014-15 dated November 10, 2014 issued by the Reserve Bank of India (RBI).

As per the said notification:

- a. all NBFCs are required to increase their minimum NOF to INR 2 crores by March 31, 2017 in phased manner; and
- b. NBFCs which fail to meet minimum NOF of INR 2 crores by March 31, 2017, shall not be eligible to hold CoR as NBFCs.

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Finance Industry Development Council (FIDC) and its members really appreciate the above initiative of the RBI which has brought all NBFCs to a level playing field so far as NOF is concerned and ensuring only serious promoters continue to hold the Certificate of Registration (CoR) as NBFCs.

However, we, at FIDC, have come across cases where NBFCs have made application for change in control and management with the RBI prior to March 31, 2017 and are pending for approval from the RBI in this regard.

In this regard, we humbly submit before your goodself that cancelling of CoR of such NBFCs would cause hardship to the promoters of such NBFCs and will also hamper business prospect of the proposed buyers. Therefore, we request your goodself to kindly consider granting an approval for change in control and management in such cases **especially in cases where buyer has undertaken to infuse additional funds within a stipulated period.**

We humbly request your goodself to consider the above suggestions while considering applications by such NBFCs for change in control and management.

We would be glad to meet you to discuss our recommendations in person.

Thanking You

Yours faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

MAHESH THAKKAR
Director General