

# FIDC

## Finance Industry Development Council

101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

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June 24, 2019

**Shri Manoranjan Mishra,  
Chief General Manager,  
Reserve Bank of India,  
Department of Non-Banking Regulation,  
Central Office, World Trade Centre, 2<sup>nd</sup> Floor,  
Cuffe Parade, MUMBAI 400 005**

Dear Sir,

**Sub: RBI Notification DNBR (PD) CC.No.096/03.10.001/2018-19 dtd February 22, 2019 on Interest Subvention Scheme for MSMEs**

Ministry of Micro, Small and Medium Enterprises (Government of India) had vide its Office Memorandum dated December 5, 2018 notified the Operational Guidelines for implementing the 'Interest Subvention Scheme for MSMEs, 2018', and made it applicable to **term loan or working capital extended by Scheduled Commercial Banks and RBI Registered Systemically Important NBFCs.**

RBI had vide circular *FIDD.CO.MSME.BC.No.14/06.02.031/2018-19 dated February 21, 2019*, made the **Interest Subvention Scheme for MSMEs** applicable to term loan / working capital extended by Scheduled Commercial Banks.

Subsequently RBI had vide circular *DNBR (PD) CC.No.096/03.10.001/2018-19 dated February 22, 2019*, addressed to '**All systemically important non-deposit taking NBFCs**' made the **Interest Subvention Scheme for MSMEs** applicable to term loan / working capital extended by **RBI registered systemically important Non-banking financial companies.**

The aforesaid Ministry of MSME Guidelines includes RBI Registered Systemically Important NBFCs as eligible entities without making a distinction between NBFC-D or NBFC-ND. NBFC-D are by default Systemically Important (SI). The "Revised Regulatory Framework" issued by RBI vide its circular dated 10<sup>th</sup> November, 2014, had prescribed the most stringent regulation, including the Prudential Norms, which are at par for both NBFCs-D and NBFCs-ND-SI. On many occasions, RBI has acknowledged the fact that All Deposit-taking NBFCs (NBFC-D) are systemically important. Further, we feel that acceptance of public deposits does not have any relation to lending to MSMEs, and by restricting the interest subvention scheme only to NBFC-ND-SI, RBI is

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denying it to some of the best run and leading NBFCs like Sundaram Finance, Mahindra & Mahindra Finance and Shriram Transport Finance.

Further, the spirit of the Ministry of MSME Guidelines and the announcement made by the Hon'ble Prime Minister on 2nd November 2018 is to enhance support and outreach for MSMEs and facilitating the MSME sector.

NBFCs are also willing to abide by any additional requirements that RBI may prescribe to NBFC-D for availing this interest subvention, some of which may include:

- A minimum Credit Rating requirement as may be decided by RBI
- The promotional material of the NBFC under this Scheme to attract customers may be cleared by the Bank with which the tie up is made
- The NBFCs are not in violation of any of the RBI guidelines
- The NBFCs would comply with the Fair practices Code

*In the light of the above, we request RBI to favourably consider extending the applicability of the RBI Circular to NBFC-D in line with the spirit of the MSME, GoI Guidelines.*

Thanking you,

Yours faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR**  
**DIRECTOR GENERAL**