

**FIDC**

## Finance Industry Development Council

*(A Representative Body of NBFCs in India)*

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

Tel: 022 21029898/9820035553 • E-mail: [directorgeneral@fidcindia.org.in](mailto:directorgeneral@fidcindia.org.in)



[www.fidcindia.org.in](http://www.fidcindia.org.in)

December 29, 2023

**Shri M Rajeshwar Rao,  
Deputy Governor,  
Reserve Bank of India,  
Central Office Building,  
Shahid Bhagat Singh Marg, Fort,  
Mumbai – 400 001**

**Respected Sir,**

**SUB: NEED TO SEEK PRIOR RBI APPROVAL FOR ISSUANCE OF SHARES TO RAISE  
NOF**

Further to our Representation dated 6<sup>th</sup> September 2023 on the above subject (*copy enclosed*) and the personal meeting with you on 26<sup>th</sup> September 2023, we further pray as under:

### **Preamble**

Progressive efforts of the Honourable Government in furthering the cause of Financial Inclusion through multiple growth engines like Jandhan, Aadhar, Mobile Banking etc are yielding the desired results corroborated by 50 Cr Jan Dhan accounts with deposits of Rs 2 Lakh Crs.

RBI has been supplementing the Government efforts with conducive policy initiatives.

NBFCs on their part leveraged their exemplary 'Credit Delivery Skills' and reached across to 6.6 Cr borrowers from the Low-Income Household segment.



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### Policy Provision

RBI's regulatory framework for NBFCs stipulating the following needs attention  
“Any change in the shareholding of an NBFC, including progressive increases over time resulting in acquisition /transfer of shareholding of 26 % of the paid-up equity capital of the NBFC” requires RBI's prior approval.

The foregoing requirement is 'sui generis' because the mandated prior approval is not “Acquirer specific “but “Unit specific”. Any increase in equity by 26% above the initial capital from time to time also requires prior approval although no single shareholder or group of shareholders acting in concert with each other would acquire anywhere close to 26% i.e. the controlling interest.

### Pain Point

Any 'prior approval' process however efficient entails its own turnaround time. Literally every single capital raise beyond the first 26% increase needs to be applied for and approved. As the intent is to regulate controlling interest, the norm may please be related to 'Specific Acquirer' or 'Group of Shareholders acting in concert with each other'. This will also align the regulatory requirements between RBI & SEBI.

### Proposed regulatory requirement prayed for

“Any change in the shareholding of an NBFC at any point in time resulting in acquisition /transfer of shareholding of 26 % of the paid-up equity of the NBFC to a single shareholder or Group of shareholders acting in consort with each other (as per SEBI norms) will require prior RBI approval”.



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### **Potential Outcome**

This single measure will augment flow of equity capital manifold to NBFCs and in turn credit flow to Crores of Low-Income Household.

We request your kind consideration.

Thanking you,

**For FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKER  
DIRECTOR GENERAL  
9820035553**



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