

# FIDC

## Finance Industry Development Council

*(A Representative Body of Assets and Loan Financing NBFCs)*

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 09, 2021**

**Shri Saurav Sinha,  
Executive Director,  
Reserve Bank of India,  
Central Office Building,  
Shahid Bhagat Singh Marg, Fort,  
Mumbai – 400 001**

**Respected Sir,**

**Sub: Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarification issued by RBI on November 12, 2021 – Request for relief to NBFCs**

We **thank you** very much for the online Meeting granted to FIDC representatives on 9<sup>th</sup> December, 2021 on the above-referred subject.

Sir, we would like to put here the issues as reworked out by us, post-meeting with you and your esteemed team. We are not repeating here the difficulties and impact the NBFCs and their customers would have due to the proposed norms, as this has been elaborately explained in our earlier Representation dated November 18, 2021.

While re-considering our views based on the discussion, we hereby summarise the discussion for your final consideration.

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While we are thankful to RBI for clarifying that the circular does not impact accounting under IND-AS which all NBFCs have adopted, looking to the objectives of financial inclusion in underbanked/unbanked geographies in which the NBFCs provide their services and the class of their borrowers belonging to the poor strata of society, we urge upon RBI that:

- (i) Smaller loans (retail and MSME) upto Rs. 2.00 Crs may be permitted to be marked as SMA / NPAs as on month end.**
- (ii) Upgradation in respect of the above loans i.e. upto Rs. 2.00 Crs. may be allowed to continue, as hitherto.**
- (iii) RBI has recently introduced Scale Based Regulations (SBR) and prescribed timelines for various norms and for loans above Rs. 2.00 Crs. where the borrowers can be considered to be financially literate, we suggest that the new norms for SMA / NPA classification and upgradation may be aligned with the date of effect of SBR i.e. October 1, 2022 for the NBFCs in all the layers.**

The above timelines would allow the NBFCs to educate the customers, reorient their processes and practices and smoothen the unintended impact, particularly in view of the fact that the covid pandemic is still around.



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***We earnestly urge upon you to consider our request.***

Thanking you,

Yours Faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR  
DIRECTOR GENERAL  
9820035553**

Cc :Shri Manoranjan Mishra,  
Chief General Manager,  
Reserve Bank of India,  
Department of Regulations (NBFCs),  
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