



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2015-16/20

DNBR (PD) CC.No.047/03.10.119/2015-16

July 1, 2015

To,

SP-3
Keep as separate file NBFC-MFI
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All NBFCs (excluding RNBCs)

Dear Sir/Madam,

**Master Circular- 'Non-Banking Financial Company-Micro Finance Institutions'
(NBFC-MFIs) - Directions**

As you are aware, in order to have all current instructions on the subject at one place, the Reserve Bank of India issues updated circulars / notifications. The instructions related to the captioned subject contained in various circulars issued by RBI updated as on June 30, 2015 are reproduced below. The updated circular has also been placed on the RBI web-site (<https://www.rbi.org.in>).

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager

NBFC
Dm
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I. Introduction

As indicated in the Second Quarter Review of Monetary Policy in November 2010, a Sub-Committee of the Central Board of the Reserve Bank (Chairman: Shri Y. H. Malegam) was constituted to study issues and concerns in the MFI sector. The Committee submitted its report in January 2011. In the Monetary Policy Statement 2011-12, it was announced that the broad framework of regulations recommended by the Committee has been accepted by the Bank. Accordingly, a separate category of NBFCs viz. Non-Banking Financial Company-Micro Finance Institution (NBFC-MFI) was formed and separate directions were issued vide Notification DNBS.PD.No.234 CGM (US) 2011 dated December 02, 2011 containing the regulatory framework for NBFC-MFIs.

II. The Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011

1. Definition of NBFC-MFI

An NBFC-MFI is defined as a non-deposit taking NBFC (other than a company licensed under Section 25 of the Indian Companies Act, 1956) that fulfils the following conditions:

- i. Minimum Net Owned Funds of Rs.5 crore. (For NBFC-MFIs registered in the North Eastern Region of the country, the minimum NOF requirement shall stand at Rs. 2 crore).
- ii. Not less than 85% of its net assets are in the nature of "qualifying assets."

¹(Only the assets originated on or after January 1, 2012 will have to comply with the Qualifying Assets criteria. As a special dispensation, the existing assets as on January 1, 2012 would be reckoned towards meeting both the Qualifying Assets criteria as well as the Total Net Assets criteria. These assets would be allowed to run off on maturity and cannot be renewed).

¹ Inserted vide DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 03, 2012

