

Finance Industry Development Council

(A body incorporated as a Self Regulatory Organisation for Registered NBFCs - AFCs)
101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077 (India)
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April 10, 2015

Shri Alok Tandon
Department of Financial Services
Ministry of Finance
Jeevan Deep Building, Parliament Street
New Delhi 110001

RE: MUDRA –Refinancing NBFCs for On-lending to Small Businesses – Request for Appointment

Respected Sir,

Finance Industry Development Council (FIDC) is a Self-Regulatory Organization (SRO) cum Representative Body of all the Asset Financing NBFCs, (NBFC-AFCs) registered with the Reserve Bank of India. FIDC is the recognized face of NBFC-AFCs and has been engaged in regular interactions both with Reserve Bank of India and Ministry of Finance. We have been regularly invited for pre-budget meetings by the Honourable Finance Minister and also important policy related meetings with Governor and Deputy Governor of RBI.

We sincerely welcome the government's initiative to set-up Micro Units Development And Refinance Agency (MUDRA) which is proposed to act as a refinancing body to last mile financiers such as NBFCs, MFIs, RRBs etc. for on-lending to small/micro businesses.

NBFCs have been recognized for their role in credit delivery in remote corners of India and have carved a niche for themselves in the semi-rural and rural segments of the country. NBFC-AFCs are also playing a vital role in furthering the cause of Financial Inclusion and in credit dispensation to the poor states/credit starved areas for over 5 decades. They specialize in financing to productive assets in the Transportation, Agricultural, infrastructure and SME segments and their customer segments include , First time buyers, SRTOs, Agricultural and Weaker sections of the society, involving people who normally either cannot approach banks for their credit requirements or are unable to provide appropriate documentary proofs of their creditworthiness to the banks. Considering that such are the customers being catered to by the NBFC-AFCs, it is acknowledged time and again that they are thus playing a vital role in enabling the informal segment customers, who are “unbanked”, to move away from the Money lenders to an Organised financier and over a period of time move them into the formal segment which enables these customers to be recognised and serviced by the Banking segment as well and thus become “bankable”

The target sectors under this initiative include Small Road Transport Operators (SRTOs), Equipment Finance for Micro Units, Transport Vehicles for Goods and Passengers such as LCVs, Auto Rickshaw, three wheelers etc.

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As such NBFC-AFCs are ideally suited to further this initiative and work for the cause for which MUDRA has been set-up.

We therefore seek an appointment with you where some of our key Managing Committee members would like to discuss and propose the modalities for channelizing refinancing of Asset Financing NBFCs by MUDRA.

We look forward to receiving a positive response from your end.

Assuring you of our full co-operation always and thanking you in anticipation

Yours Faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

MAHESH THAKKAR
Director General