

FIDC

Finance Industry Development Council

(A body incorporated as a Self Regulatory Organization for Registered NBFCs)

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

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Mr. C D Srinivasan

Chief General Manager

Department of Non-Banking Regulation

Reserve Bank of India

World Trade Center

Colaba

Mumbai

Respected Sir,

Reg: Master Directions Issued For Peer to Peer Lending Platform – Request For Clarification

This has reference to the RBI notification DNBR(PD)090/03.10.124/2017-18 dated 4th October 2017 giving Master Directions on Regulation of Peer to Peer Lending Platform. We sincerely appreciate RBIs efforts to regulate the fast growing P2P lending activities.

However, the wordings of the said notification have created some doubts and apprehensions, as follows:

Definition of “P2P Lending Platform” May Cover Direct Sale Agents (DSAs) Also

- 1) As per para 4 (1)(iv) definition given for “ participant” includes someone who has entered into an arrangement with the P2P lender to lend on the P2P lending platform or to avail loan facilitation services provided by it. Going by this definition even a lending NBFC registered with RBI shall qualify to be a “participant”
- 2) Further as per para 4(1)(v) definition for “peer to peer lending platform” is an intermediary providing the services of loan facilitation via online medium or otherwise, to the participants as defined above. Going by this definition even the Direct Sales Agents (DSAs) who provide services of sourcing business for NBFCs (Online or Offline) would also be treated as “peer to peer lending platform”

As a result there are doubts and apprehensions that all Direct Sales Agents (DSAs) who are corporates (i.e, Companies registered under The Company Act) will also become NBFC – P2P and hence shall be required to seek RBI registration.

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Likely Impact On The DSAs Activities

If the apprehensions expressed are true then Corporate DSAs will also be subject to :

- i. minimum NOF of Rs 2crs
- ii. all the prudential norms mentioned in the above said circular”
 - a. Aggregate exposure of one lender (NBFC) to all the borrowers across all P2Ps cannot exceed Rs 10lacs
 - b. Aggregate loans taken by a borrower at any points of time across all P2Ps cannot exceed Rs 10lacs.
 - c. The exposure of single lender (NBFC) to the same borrower across all P2Ps cannot exceed Rs 50,000
 - d. The maturity of the loans cannot exceed 36months

This clearly shall make the entire business of DSAs unviable which in turn will have an impact on lending by NBFCs

Request

Sir, it cannot be the intention of RBI to regulate agents like DSAs who have been sourcing business for NBFCs for years now. Moreover, the genesis of “peer to peer lending” is lending by a group of individuals (singly or put together) to a group of individual borrowers, by creating an online platform..

We therefore, request you to kindly clarify that the business of sourcing by agents/ agencies like the DSAs does not fall within the ambit of “peer to peer lending” as envisaged in the above said circular.

Yours Faithfully

For Finance Industry Development Council

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Chairman

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