

RESERVE BANK OF INDIA.

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DOR.NBFC (PD) CC. No.103/22.10.038/2019-20

November 08, 2019

To

All Non-Banking Financial Companies-Micro Finance Institutions (NBFC-MFIs)

Madam / Sir,

Qualifying Assets Criteria - Review of Limits

Please refer to the <u>Statement on Developmental and Regulatory Policies</u> issued as part of Monetary Policy Statement dated October 4, 2019 and Para 3 of the <u>Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and the <u>Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016</u> prescribing the eligibility criteria for classification under 'Qualifying Assets' for NBFC-MFIs.</u>

- 2. Taking into consideration the important role played by MFIs in delivering credit to those in the bottom of the economic pyramid and to enable them play their assigned role in a growing economy, it has been decided to increase the household income limits for borrowers of NBFC-MFIs from the current level of ₹1,00,000 for rural areas and ₹1,60,000 for urban/semi urban areas to ₹1,25,000 and ₹2,00,000 respectively.
- 3. Further, the limit on total indebtedness of the borrower has been increased from ₹1,00,000 to ₹1,25,000. In light of the revision to the limit on total indebtedness, the limits on disbursal of loans have been raised from ₹60,000 for the first cycle and ₹1,00,000 for the subsequent cycles to ₹75,000 and ₹1,25,000 respectively.
- 4. These instructions shall come into effect from the date of this circular.



5. All other terms and conditions specified under the master directions shall remain unchanged. The master directions, ibid, are being modified accordingly.

Yours faithfully,

(Manoranjan Mishra) Chief General Manager

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