

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4721  
ANSWERED ON:23.04.2010  
MICRO-CREDIT AGENCIES  
Bhujbal Shri Sameer

**Will the Minister of FINANCE be pleased to state:**

- (a) the total number of `Micro Credit Agencies` in the country recognized by Reserve Bank of India(RBI to cater to the needs of rural and urban poor;
- (b) the details of interest charged by Micro-Credit Agencies;
- (c) whether the interests charged by such agencies are different for various categories of end-users;
- (d) if so, the steps being taken to restructure them and charge a uniform interest rates for various category of users;
- (e) the names and number of Micro-Credit Agencies listed at various Stock Exchanges in the country;
- (f) whether there are any pending application of Micro-Credit Agencies of membership being listed at Stock Exchange; and
- (g) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) Reserve Bank of India (RBI) has reported that at present there is no separate classification of Non Banking Finance Companies (NBFCs) as `micro credit agencies`. However, there are 25 companies registered with the Bank as NBFCs under Section 45-IA of the RBI Act, 1934, in Loan Companies category that may be giving loans in the nature of microfinance. The names of these 25 companies are given in Annex.

(b) to (d) : RBI has not issued any guidelines regarding interest rates to be levied by NBFCs on the loans granted by them. The rate of interest to be charged is governed by the terms and conditions of the loan agreement entered into between the borrower and the NBFCs. However, in order to ensure transparency in such matters, NBFCs have been advised by RBI on September 28, 2006 to adopt a Fair Practices Code, with the approval of their Boards. NBFCs have also been advised by RBI on May 24, 2007 to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. Further, NBFCs were also advised by RBI on October 10, 2007 to invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans. NBFCs were also advised by RBI on January 2, 2009 that the Board of each NBFC should adopt an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers should be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter etc.

The above guidelines have been consolidated by the RBI in the Master Circular No. 153 dated July 1, 2009 on Fair Practices Code issued to NBFCs.

(e) to (g) : The information is not available with Reserve Bank of India.