RBI/2012-13/517 DNBS (PD) CC.No.327/03.10.038/2012-13

May 31, 2013

All NBFCs

Dear Sir,

'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) – Directions – Modifications in Pricing of Credit - Margin cap

Attention is invited to para 6 of <u>DNBS.(PD)CC.No.300/03.10.38/2011-12 dated August</u> modifying 3, 2012 inter alia the pricing of credit as given in DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2, 2011. On a review, it has been decided that the margin cap for all NBFCs irrespective of their size would be 12 % per cent till March 31, 2014. However, with effect from 1st April, 2014 margin caps as defined by Malegam Committee may not exceed 10 per cent for large MFIs (loans portfolios exceeding Rs.100 crore) and 12 per cent for the others.

Yours faithfully,

(C.R.Samyuktha) Chief General Manager