



RBI/2016-17/219

DNBR.CC.PD.No. 084/22.10.038/2016-17

February 02, 2017

To

All NBFC-MFIs,

Madam/Sir,

Review of Guidelines on “Pricing of Credit”

As per extant instructions on “Pricing of Credit” issued to NBFC-MFIS under “[Master Direction-Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company \(Reserve Bank\) Directions, 2016](#)” and “[Master Direction - Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company \(Reserve Bank\) Directions, 2016](#)” dated September 01, 2016, it has been advised that-

“NBFC-MFIs shall ensure that the average interest rate on loans during a financial year does not exceed the average borrowing cost during that financial year plus the margin, within the prescribed cap.”

2. Since average base rate of banks is published by RBI on quarterly basis, it has been decided to modify the above mentioned instructions as under:

“NBFC-MFIs shall ensure that the average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap.”

3. The “[Master Direction -Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company \(Reserve Bank\) Directions, 2016](#)” and “[Master Direction - Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company \(Reserve Bank\) Directions, 2016](#)” dated September 01, 2016 are being updated to reflect the changes.

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager