

## ELIGIBILITY CRITERIA FOR MUDRA REFINANCE/ LOAN

Micro Units Development and Refinance Agency (MUDRA) has finalized the eligibility norms for the partner lending institutions for the purpose availing of refinance/ finance for onlending to micro units in manufacturing, trading and service sector in rural and urban areas. The eligible institutions as indicated below may approach MUDRA corporate office at First Floor, MSME Development Centre, C-11, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 or the nodal officers placed across the country.

### SCHEDULED COMMERCIAL BANKS

All scheduled commercial Banks in public and private sector with 3 years of continuous profit track record, net NPAs not exceeding 3%, minimum net worth of Rs.100 cr. and not less than 9% CRAR.

### REGIONAL RURAL BANKS

All restructured RRBs having net NPA within 3% ( relaxable in deserving cases), having profitable operations and not carrying any accumulated losses and CRAR  $\geq$ 9%.

### MFI / SMALL BUSINESS FINANCE COMPANIES/NBFC

- a. Been in lending to Own Account Enterprises, i.e. micro units with loan size upto Rs.10 lakh for atleast 3 years and/or the promoters / management having experience of atleast 10 years in this area.
- b. Having minimum out reach of 3000 existing borrowers for MFIs.
- c. Having suitable systems, processes and procedures such as internal accounting, risk management, internal audit, MIS, cash management, etc.
- d. Meeting the minimum CRAR and other norms stipulated by RBI for MFIs registered as NBFC-MFIs and comply all the prevailing RBI guidelines. For all categories of NBFCs, registration with RBI will be mandatory.
- e. Should be a member of a credit bureau.
- f. Rating requirement:
  - a. MFIs (including NBFC-MFIs) – minimum Capacity Assessment Rating of mFR5 by CRISIL or its equivalent.
  - b. NBFCs – minimum external rating of BB- for small NBFCs having total portfolio below Rs. 500 crore and BBB+ for NBFCs having portfolio of Rs. 500 crore or more. For small NBFCs not having external credit rating, they should possess satisfactory borrowing arrangements with any Scheduled Commercial Bank for a minimum of 2 years.
- g. Recovery performance: For MFIs : Portfolio at Risk (i.e. overdue more than 30 days) within 5%. For others - Net NPA not higher than 3%.
- h. For all MFIs, it will be desirable to have undergone Code of Conduct Assessment (COCA) with a minimum score of 60 or equivalent.

### COMMON PARAMETERS

1. The assistance will be based on internal credit appraisal process by MUDRA / SIDBI.
2. The assistance shall be priced based on risk assessment, geographical distribution, social parameters, etc.



3. The Board of MUDRA shall fix prudential ceilings for lending to various categories of borrowers as also limits for individual borrower / borrower group in line with RBI instructions on the subject.
4. The detailed terms of assistance shall be laid down in the loan agreement to be executed with the individual intermediary.

( Jiji Mammen)

Chief Executive Officer

Date: 06/05/2015