

FIDC

Finance Industry Development Council

(A body incorporated as a Self Regulatory Organisation for Registered NBFCs - AFCs)

101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

(India)

Tel: 022 21027324/9820035553 • E-mail: maheshthakkar45@yahoo.in website:

www.fidcindia.org

October 05, 2013

Shri N. S. Vishwanathan
Principal Chief General Manager
Reserve Bank of India,
Department of Non-Banking Supervision
Central Office, World Trade Centre, 2nd Floor,
Cuffe Parade, MUMBAI 400 005.

Sir,

SUB: INFORMAL ADVISORY GROUP

You may kindly recall our discussions at the FIDC Managing Committee Meeting held at Mumbai on 21st September, 2013 regarding the Informal Advisory Group constituted by Reserve Bank of India, Department of Non-Banking Supervision (DNBS) in 1998 and it remained active till 2005-06.

Reserve Bank of India (DNBS) used to convene meetings of the Group every quarter and invite constituents from NBFC associations, key NBFCs (at least one small and one big NBFC), rating agency, ICAI, IBA and financial professional firms where the issues of regulatory needs, gaps as also the difficulties faced, if any, by any industry member were thoroughly discussed.

The meetings used to be generally chaired by the then CGM-in-charge of DNBS and other officials from Policy Division at DNBS would also participate. On a few occasions, ED in-charge of DNBS had also chaired the meetings.

There was always a structured agenda which would cover all issues and concerns of the financial sector including the regulators, and the NBFCs, during the intermediate period and after the detailed deliberations, we would try to come to the consensus on most of the issues. Each participant would be allowed to share his views. The members were given an opportunity to offer well researched views on the complex issues relating to accounting, provisions

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in other statutes, market practices, identification of inherent risk and sharing of information on new products, etc. which were included in the detailed notes prepared by RBI for the meetings. It may be added that new regulations or amendments thereto were thoroughly debated at the forum and with the market participants and industry representatives on board, the deliberations facilitated

- (a) appreciation, on the part of RBI, of likely and unintended difficulties the proposed regulations may cause and
- (b) wider acceptance, on the part of NBFCs, of the regulations when issued.

It was a two way exchange of views on whole gamut of issues and ensured working of the NBFCs on sound and healthy lines within the contours of regulations.

Apart from Mumbai, the meetings were also held in Delhi, Chennai, Hyderabad, etc. to allow participation of a few prominent and local NBFCs to represent their views on the regional issues, if any.

The meeting used to normally last for about 2 to 3 hours and end with Lunch.

We suggest that a similar such forum for regular interaction among industry players and regulators may be considered to be reconstituted, so that we can understand and appreciate each other's concerns and develop NBFC sector in the properly planned and cohesive manner.

We shall feel obliged to offer any further information or clarification.

Thanking you,

Yours faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

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MAHESH THAKKAR

Director General