

NBFCs seek parity with banks in accepting old ₹ 500/1,000 notes

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Will help manage the current situation without compromising the objective of demonetisation, says industry body



New Delhi, November 14:

Asset financing non-banking finance companies (NBFC-AFCs) want the RBI to allow them to accept till December 30 the demonetised ₹ 500 and ₹ 1,000 notes towards borrower repayments.

The Finance Industry Development Council — a self-regulatory body representing NBFC-AFCs — has written to the RBI in this regard, Raman Aggarwal, Chairman, FIDC, told *BusinessLine* here.

“We have requested that NBFC-AFCs also be given the same dispensation as banks. They (RBI) have allowed banks to accept old notes so long as these are credited to the customer’s deposit or loan accounts and CTR/STR reporting is done. We are also ready to adhere to currency transaction/suspicious transaction reporting under Prevention of Money Laundering Act,” Aggarwal said.

Ever since demonetisation was announced on November 8, lakhs of customers — mainly transport operators, farmers, equipment hirers, SMEs and small traders — are coming to the offices of member NBFCs with old currency notes, which the firms are unable to accept, Aggarwal noted.

“The current demonetisation has introduced significant uncertainty in the minds of our customers as well as among the NBFCs on how loans would be serviced until the currency situation stabilises,” says the FIDC letter to RBI.

At the same time, FIDC has hailed the government and the RBI move to take the bold step of demonetisation towards fighting the menace of unaccounted wealth and illegal infusion of fake currency in the system.

FIDC has said that allowing NBFCs to accept old ₹ 500 and ₹ 1,000 notes till December 30 will go a long way in managing the current situation without compromising the objective of demonetisation, in any manner. In fact, it may actually help bring some amount of money back into the mainstream, thereby furthering the objective, FIDC has said.

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