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| 04:05 PM   09 FEB<br><b>MARKET STATS</b> ▼ | SENSEX<br><b>28,330</b> ▲ 39.78 | NIFTY 50<br><b>8,778</b> ▲ 9.35 | GOLD (MCX) (Rs/10g.)<br><b>29,270</b> ▼ -60.00 | USD/INR<br><b>66.84</b> ▼ -0.35 | <b>CREATE PORTFOLIO</b> | <b>Download ET MARKETS APP</b> | <b>CHOOSE LANGUAGE</b><br>ENG |
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## NBFCs allowed to use Sarfaesi for cases above Rs 1 crore

By ET Bureau | Updated: Aug 17, 2016, 04.12 PM IST

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MUMBAI: The government has allowed NBFCs with asset base of Rs 500 crore and above to be covered under the [Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest \(Sarfaesi\) Act 2002](#) for cases of above Rs 1 crore, like all other financial institutions.

The restriction on using Sarfaesi for cases of Rs 1 crore would mean that NBFCs couldn't enforce the security interest for lower ticket size loans. This would restrict their ability to recover smaller loans.

As per the financial stability report dated June 2016 NBFCs performance in terms of asset quality, ROE and ROA is much better as compare to banks. Therefore the new FDI norms shall further make the NBFC sector as an attractive proposition for any foreign investor.

Currently, FDI is permitted subject to minimum capitalization norms which require infusion of foreign capital upfront from \$ 0.5 million to \$ 50 million depending on the level of stakes being invested in.



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