

अध्यक्ष और प्रबंध निदेशक/ प्रबंध निदेशक/ मुख्य कार्यपालक अधिकारी,  
सभी अनुसूचित वाणिज्यिक बैंकों (एसएफबी सहित), गैर-बैंकिंग वित्त कंपनियां –  
निवेश और क्रेडिट कंपनियां (एनबीएफसी-आईसीसी) और सूक्ष्म वित्तीय संस्थाएं  
The CMDs/ MDs/ CEOs of all Scheduled Commercial Banks (including SFBs),  
Non-Banking Finance Companies – Investment & Credit Companies (NBFC-  
ICCs) and Micro Finance Institutions

संस्थागत वित्त उद्भाग परिपत्र सं. 03 / 2021-22 / IFV Circular No. 03 / 2021-22

प्रिय महोदय / महोदया / Dear Sir / Madam,

**Scheme of Resource support through double intermediation to  
NBFCs, MFIs, Banks and SFBs**

The slow-down caused by the resurgence of Covid 19 pandemic has deeply impacted the small businesses and micro credit activities, especially in remote geographies (including credit deficient, backward and aspirational districts). The role of smaller NBFCs in the socio-economic development of such regions of the country is well established.

Realising the need to spur the growth of this sector, the RBI has allocated a Special Liquidity Facility of ₹16000 crore (SLF-3) to SIDBI to provide liquidity and growth support to MSMEs.

Accordingly, to operationalize the SLF-3, set of special schemes are being launched to support MSMEs, including small businesses, retail trade, micro finance borrowers, etc.

As a part of the above, particulars of the three Schemes for channelising assistance through (i) NBFCs (ii) MFIs and (iii) Banks/ SFBs are given at Annexures 1, 2 and 3, respectively.

बैंक हिन्दी में पत्राचार का स्वागत करता है।

**भारतीय लघु उद्योग विकास बैंक**

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The Schemes envisage financial support to NBFCs, MFIs, Scheduled Commercial Banks/ SFBs for on-lending to smaller NBFCs/ MFIs, for further on-lending by them to micro and small enterprises, retail trade and micro credit, including those located in the credit deficient, backward, aspirational districts, etc. (double intermediation route), to enable credit to reach the remotest nooks and corners of the country.

All the eligible NBFCs, MFIs and Banks (including SFBs) may make use of the above special liquidity facility being offered, for supporting the MSE sector to alleviate the challenges faced by them and put the economy back on track.

भवदीय Yours faithfully,



- Sd -

[एस एन सिंह S N Singh]

मुख्य महाप्रबंधक Chief General Manager

A. Financial Assistance to Regulated Entities - Double Intermediation-2021 Scheme (FARE-DI-2021) for NBFCs

S No	Parameter	Compliance
1.	Type of Regulated Entities (RE) (Primary Intermediary - PI)	Investment and Credit Company (ICC) NBFC registered with RBI.
2.	Track record	In business for 5 years with Net profit for last 3 years.
3.	NOF, Asset Size and Rating (Minimum)	Minimum rating – A (+/-) Minimum Net Owned Funds Rs 50 crore and Minimum Asset size of Rs 200 crore.
4.	Go-No Go Norm	Should clear 'Go / No Go Criteria' as per Bank's internal guideline.
5.	Eligible Activity / Beneficiaries	SIDBI shall extend financial assistance to NBFC, the Primary Intermediary (PI), against their lending to unrated/ low rated smaller NBFCs [Secondary Intermediaries (SI)s] financing Micro and Small enterprises (as per MSMED Act 2006/ as per definition contained in GoI Gazette Notification S.O.2119(E) dated June 26, 2020, as amended from time to time) engaged in business activities/ income generating activities, commercial vehicles including tractors registered for commercial use, retail trade, including those in credit deficient geographies/ backward/ aspirational districts etc. for bonafide business purposes.
6.	Tenure	1 to 3 years (Need-based)
7.	Security	As per Bank's extant norms.
8.	Upfront Fee	0.25% of the sanctioned loan amount



Broad Parameters - Financial Assistance to Regulated Entities -Double  
Intermediation-2021 Scheme (FARE-DI-2021) for MFIs

S. No	Parameter	Compliance
1.	Type of REs (Primary Intermediaries)	<ul style="list-style-type: none"> <li>Should be registered either as MFI or as NBFC or as NBFC-MFIs</li> </ul>
2.	Eligibility Criteria	<ul style="list-style-type: none"> <li>Should be in operations for 5 years;</li> <li>If a borrower of SIDBI, for at least 3 years, then a satisfactory track record (under Micro Credit Scheme)</li> <li>REs, which are not borrowers of SIDBI, at least 3 years track record of lending/assisting NBFC-MFIs is essential.</li> <li>Should have rating of not less than A -</li> </ul>
3.	Asset size and Networth	<ul style="list-style-type: none"> <li>Should have AUM of above ₹1000 crore</li> <li>Minimum networth of ₹100 crore.</li> </ul>
4.	Go-No Go Norm	<ul style="list-style-type: none"> <li>All No-go criteria of the extant score card to be complied with</li> </ul>
5.	Eligible Activity/ Beneficiaries	<ul style="list-style-type: none"> <li>Facilities extended to microfinance borrowers that are clients of the Secondary Intermediaries who may be relatively smaller NBFC-MFI or MFIs.</li> </ul>
6.	Security	<p>(i) Exclusive charge by way of hypothecation on the specified book debts and receivables created out the assistance of SIDBI with minimum asset cover of 1.10 times the outstanding loan, during the tenor of the assistance.</p> <p>(ii) Extension of charge on securities already charged to SIDBI under any other scheme, in respect of PIs already availing assistance from SIDBI.</p> <p>(iii) Corporate Guarantee will be explored, where-ever, feasible.</p>
7.	Upfront fee	0.1 % of the assistance subject to maximum of Rs 10 lakh plus applicable GST should be charged. However, lower Up-front fee including waiver may be accepted with approval from DMD.
8.	Repayment period	Upto 3 years. Monthly/ Quarterly/ Half-yearly/ Yearly/ Bullet repayment can be accepted as requested by the borrowers.





Financial Assistance to Regulated Entities –  
Double Intermediation - 2021 Scheme (FARE-DI-2021) for Banks

S. No	Parameter	Compliance
1.	Type of Regulated Entities (RE) (Primary Intermediary - PI)	Scheduled Banks (Public sector banks, private sector banks, Foreign banks and Small Finance Banks).  The eligibility criteria would be as per the Bank's Policy for Institutional Finance.
2.	Purpose of Assistance / Eligible End-borrowers / Activities	Financial assistance will be provided by SIDBI to the Scheduled Banks for lending to Secondary Intermediary (SI) viz. smaller NBFCs and MFIs for their credit requirement / lending to micro and small enterprises <sup>1</sup> , small businesses, retail trade and micro credit.  Activities - Engaged in business activities / income generating activities, commercial vehicles including tractors registered for commercial use, retail trade, micro credit including those in under-served regions viz. credit deficient / backward / aspirational districts, other areas, etc. for bonafide business purposes.
3.	Period of financial assistance	12 to 36 months
4.	Security	The PI shall hold in trust for SIDBI, all the securities including movable and immovable assets, book debts, receivables, actionable claims, guarantees, assignments, bills of exchange and proceed thereof as also other securities as may be directly or indirectly obtained or to be obtained by the PI from its borrowers to secure the financial assistance made available to the borrowers for which the loan has been sanctioned by SIDBI to the PI.

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<sup>1</sup> MSEs as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 / definition contained in Gol Gazette Notification S.O.2119(E) dated June 26, 2020 and as amended from time to time.