

FEDERATION OF INDIAN ASSET FINANCIERS ASSOCIATIONS

Warm wishes to all members for a very Happy and Prosperous New Year!



DINESH KOTHARI
President - FIAFA

This year marks a significant milestone for FIAFA as our Governing Council reflects a purposeful blend of experience and youth, with the inclusion of dynamic young professionals actively engaged in the NBFC and asset financing sector. Their energy and fresh perspectives represent the future of our industry. At FIAFA, nurturing young talent and building new leadership is not just an initiative, but a responsibility towards our organization, industry and the nation's financial ecosystem.

Vehicle finance today stands as a strong driver of inclusive economic growth across the country. From commercial to personal mobility, NBFCs of all sizes, partnership firms, proprietorships and individual financiers have played a pivotal role in bridging credit gaps, particularly in semi-urban and rural India, empowering entrepreneurs and generating employment.

Our financiers, often working quietly on the ground, are among the strongest pillars of the nation's economy. By supporting small businesses, transport operators, traders and self-employed individuals, they ensure continuity of economic activity even in challenging times. Their resilience, local understanding and commitment to responsible lending contribute significantly to financial inclusion, grassroots entrepreneurship and the overall stability of the country's economic framework.

As a federation, FIAFA continues its active engagement with key stakeholders. During the year, we had meaningful interactions with RBI officials at Mumbai, advocating to consider amending the current framework to permit Type-I NBFCs that do not access public funds, to carry out lending activity with direct customer interface.

We also interacted with VAHAN officials in New Delhi and had a live demo of the VAHAN system, enhancing our understanding of digital integration and advised all the office bearers at their state level to represent Transport Commissioner requesting for access of VAAHAN Software to all types of financiers at Registering Transport Authority.

In addition, a couple of meetings were held in New Delhi with BULA officials and we remain hopeful of positive outcomes from these discussions.

Guided by this progressive vision, I am proud to announce the launch of FIAFA Digest, a platform designed to inform, inspire and unite our fraternity. The Digest will be released at regular intervals, at least on a monthly basis and will feature industry updates, regulatory developments, best practices and insights from across the country, serving as a thought leadership platform and a collective voice of our members



I congratulate the Editorial Team and all contributors and invite every member to actively participate and make FIAFA Digest a true reflection of our shared vision. I also seek the continued guidance and support of all financiers, affiliate associations and Governing Council members.

Together, let us strengthen FIAFA, empower the next generation and contribute to a resilient, responsible and progressive asset financing industry.

With warm regards and best wishes,

Dinesh Kothari

President



Voicing the Sector: FIAFA's Regulatory Appeal to RBI

The team of FIAFA was invited by Reserve Bank of India for a meeting with CGM NBFC, Regulation Department, at Mumbai to discuss about the representation made to them. A 50 minute marathon meeting was very fruitful in which we discussed about Enhancement of 10 crores should not be done and if this is not feasible we requested extension of time to increase NOF.

Explained and requested to allow Customer Interface in detail with Two Crores as NOF in the Type I category.

Invitation to Advertise in the FIAFA Digest:

We invite you to place your advertisement in our FIAFA Digest, where the advertisement will be featured in the designated space at a cost of ₹2,000 per week.

The Weekly Digest is circulated in digital format to all members of FIAFA, providing your brand with direct visibility among industry stakeholders.

For further details or to confirm your participation, please reach out to us
(Ct.: Mr. Srinivasan - +91- 99401 43700)

MAHA Conclave – Dhan Dhyam Fest 2026

The Madras Hire Purchase Association is organizing a 2-day conclave "Dhan Dhyam Fest 2026"

Venue: Pyramid Valley, Bangalore | Dates: 23rd & 24th January, 2026





(A brief highlight of the article/news is provided below. For the detailed article, please click the link provided after the respective article)

RBI & Asset Finance: National Developments

RBI Reinforces Credit Expansion Policies

The Reserve Bank of India (RBI) has introduced comprehensive reforms aimed at expanding credit access and deepening capital market financing, including revising limits on secured lending (e.g., loans against shares increased up to ₹1 cr) and broadening corporate credit avenues. ([The Times of India](#))

This signals a strategic push to ease capital constraints for corporates and deepen credit markets.

Gold & Silver Collateral Lending Guidelines

RBI has released new lending rules allowing loans against silver collateral in addition to gold, effective from April 1, 2026, with specific valuation and collateral management standards for regulated entities (banks, NBFCs). ([The Economic Times](#))

These updates reflect RBI's effort to modernise secured credit options beyond traditional gold loans.

Broad Compliance & Governance Enhancements

The RBI has issued a Comprehensive Framework of 244 Directions covering credit, governance, prudential norms and asset classification standards for banks and financial institutions to strengthen systemic stability. ([SCC Online](#))

Strengthening oversight and compliance frameworks supports risk-controlled asset finance growth.

Interest Rate & Lending Conditions

Several banks responded to monetary policy shifts with lending rate reductions, improving affordability for borrowers (e.g., cuts in home

loan RLLRs following policy changes). ([Upstox - Online Stock and Share Trading](#))

These changes indirectly influence asset finance demand dynamics by altering credit cost.

Recent RBI Circulars & Regulatory Amendments Affecting Lending

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RBI Loan & Collateral Directions (Sep 30, 2025)

RBI issued seven new directions encompassing changes to interest rate norms on advances, revised rules for lending against gold/silver collateral, and draft guidelines on large exposures and credit reporting.

Highlights include:

Banks may reduce spreads on floating rate loans earlier than the prior 3-year lock-in. aDiscretionary fixed rate switch options for borrowers at reset points.

Enhanced collateral schemes for loans against gold and silver.

([The Tribune](#))

Co-Lending Arrangements Framework

RBI has published stricter Co-Lending Arrangements (CLA) Directions, valid from Jan 1, 2026.

Regulated Entities must retain at least 10% of each co-lending loan portfolio. Borrower-level NPA tagging shared in near real time.



Blended interest rates must reflect weighted contributions of partners. Disclosures in financials/websites and business continuity plans are required.

The framework aims to harmonise risk, avoid regulatory arbitrage and protect borrowers as co-lending expands.

(ETBFSI.com)

Amendments to Loan & Reporting Norms

RBI amended multiple banking rules:

Enhanced flexibility on spread changes in floating loans.

Broadened gold/silver loan provisions for Scheduled & Co-operative banks.

Adjusted Basel III AT1 capital requirements facilitating higher overseas fundraising.

Some amendments are effective from Oct 1, 2025, with others open for consultation.

(TaxGuru)

Draft External Commercial Borrowing (ECB) Rules

RBI proposed new draft ECB rules linking limits to net worth, simplifying end-use norms, and aligning minimum average maturities to support credit flow and market development (feedback due by Oct 24, 2025).

(TaxGuru)

The Act applies to NBFCs, Co-ops & registered lending entities, with legal protections against harassment and punitive measures for non-compliance.

(PRS Legislative Research)

Collateral Requirements Relaxed (State Level)

Under updated rules in some jurisdictions, loans under ₹4 lakh from registered moneylenders no longer require collateral, expanding access for underserved borrowers.

(CAalley)

Enforcement Action Against Illegal Moneylenders

Maharashtra authorities conducted raids targeting illegal moneylenders under the Maharashtra Moneylending (Regulation) Act, 2014, resulting in document seizure and legal action.

(The Times of India)

In Gujarat, three individuals were booked for illegal moneylending and harassment under the Gujarat Moneylenders Act.

(The Times of India)

Policy Debate on Unregulated Lending (Draft BULA Bill)

A Banning of Unregulated Lending Activities (BULA) draft bill is under debate, seeking to curb predatory unregulated lenders but facing criticism over state autonomy and effectiveness.

(NewsClick)

Money Lending Acts & State-Level Updates

Tamil Nadu: Money Lending Entities (Prevention of Coercive Actions) Act, 2025

Tamil Nadu has enacted a new state law aimed at curbing coercive recovery practices by MFI, money lenders, & agencies operating in the state.



Illegal Lending & Consumer Awareness

Recent legal analyses highlight that charging excessively high interest (e.g., 4% monthly) is illegal under RBI and state moneylending statutes, underscoring the need to verify lender registration and compliance.

(courtkutchehry.com)



Upcoming & Recent Association - Level Updates

Session on Online Dispute Resolution (ODR 101) by FIAFA

A session on “ODR 101 – How Digital Resolution is Transforming Lending” was conducted by FIAFA on 23 December 2025.

Speaker: Mr. Pranjal Sinha, Co-founder of SAMA

The session highlighted digital mechanisms that enable quick, transparent, and paperless resolution of customer disputes, eliminating the need for physical hearings.

The presentation deck and FAQs can be accessed by clicking the link (**ODR 101**) provided after the respective article.

Representatives of FIAFA met officials at the Ministry of Finance, New Delhi, to submit a representation regarding the BULA Bill.



President

Dinesh Kothari

Cell: 93840 40000

Vice Presidents

Chakravarthy Y S

Cell: 98498 22222

Deepak Mehta

Cell: 98410 962222

Hemant Chordia

Cell: 98410 43000

Om Prakash Agarwal

Cell: 9831447705

Secretary General

Devang Chordia

Cell: 9176154000

Joint Secretaries

Bhanwarlal Gadiya .H.

Cell: 9741237374

Manish Jain

Cell: 9825068205

Narayana Rao .B.Y.

Cell: 9849083133

Sanothk Ji Nahar

Cell: 9624810000

Treasurer

Pavan Jain

Cell: 9829071648

Past Presidents

P S Balasubramaniam

Cell: 9382194855

Kailashmull Dugar

Cell: 9841008585

V G K Prasad

Cell: 9848117799

Umesh Revankar

Cell: 9867011499

Achha .T.R

Cell: 9841053233

Megraj Lunawath

Cell: 9381036615

Purnachandra Rao V

Cell: 9849983366

Chairman - FIAFA Digest

Vipul Mehta

Cell: 9444451666