

Self – Regulatory Organization for NBFC-MFIs – Criteria for Recognition

- i. The SRO should have at least 1/3rd of the NBFC-MFIs registered as its members, at the time of recognition.
- ii. It should have adequate capital to be able to discharge its functions without being overly dependent on subscription from members.
- iii. The memorandum / bye laws of the Self-Regulatory Organization (SRO) should specify criteria for admission of members and the functions it will discharge, as one of its main objects;
- iv. The Memorandum / bye laws of an SRO should provide for the manner in which the Governing Body / Board of Directors of the SRO would function.
- v. The Board should have adequate representation from both large and small NBFC-MFIs.
- vi. 1/3rd of the Board of Directors should be independent and not associated with member institutions.
- vii. The Board of Directors and individuals comprising the management should be considered fit and proper, by the Reserve Bank.
- viii. It should have adequate internal controls in place.
- ix. The SRO should function in the interest of all the stake holders and not seen to be only an industry body.
- x. The SRO should frame a Code of Conduct to be followed by its members.
- xi. It should have a Grievance Redressal Mechanism and a Dispute Resolution Mechanism in place, including a specially appointed Grievance Redressal Nodal Officer.
- xii. It should be in a position to exercise surveillance over its members to ensure compliance with the Code of Conduct and regulatory prescriptions of the Bank through an Enforcement Committee
- xiii. It should also have a developmental function of training and awareness programmes for its members, for the Self Help Groups and conduct research and development for the growth of the MFI sector