

Gulab Chand Kataria
Governor of Assam

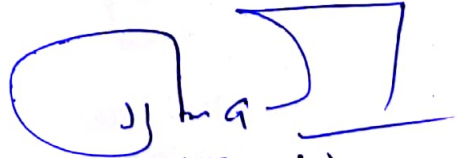


Raj Bhavan, Guwahati
PIN-781 001

RAJ BHAVAN
GUWAHATI

September 10 , 2023

Under the provision of Article 207 (1) of the Constitution of India, I, Shri Gulab Chand Kataria, Governor of Assam, recommend that **THE ASSAM MICRO-FINANCE INSTITUTIONS (REGULATION OF MONEY LENDING) (AMENDMENT) BILL, 2023** in the Assam Legislative Assembly.


(Gulab Chand Kataria)
Governor of Assam

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Governor of Assam



Raj Bhavan, Guwahati
PIN-781 001

ৰাজভৱন, গুৱাহাটী
চেপ্টেম্বৰ ২০, ২০২৩

ভাৰতৰ সংবিধানৰ ২০৭(১) অনুচ্ছেদৰ চৰ্ত অনুসৰি
মই, শ্ৰী গুলাব চান্দ কাটাৰিয়া, অসমৰ ৰাজ্যপাল হিচাপে
THE ASSAM MICROFINANCE INSTITUTIONS
(REGULATION OF MONEY LENDING) BILL, 2023 অসম
বিধান সভাত উত্থাপন কৰিবৰ বাবে অনুমোদন জনালোঁ।

(গুলাব চান্দ কাটাৰিয়া)
ৰাজ্যপাল, অসম

Gulab Chand Kataria
Governor of Assam

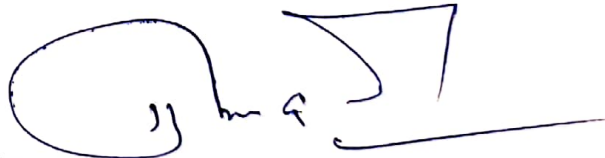


Raj Bhavan, Guwahati
PIN-781 001

RAJ BHAVAN
GUWAHATI

September 10, 2023

Under the provision of Article 207 (3) of the Constitution of India, I, Shri Gulab Chand Kataria, Governor of Assam, recommend that **THE ASSAM MICRO-FINANCE INSTITUTIONS (REGULATION OF MONEY LENDING) (AMENDMENT) BILL, 2023** be taken into consideration by the Assam Legislative Assembly.


(Gulab Chand Kataria)
Governor of Assam

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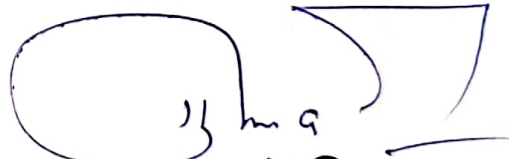
Gulab Chand Kataria
Governor of Assam



Raj Bhavan, Guwahati
PIN-781 001

ৰাজভৱন, গুৱাহাটী
চেপ্টেম্বৰ ১০, ২০২৩

ভাৰতৰ সংবিধানৰ ২০৭(৩) অনুচ্ছেদৰ চৰ্ত অনুসৰি
মই, শ্ৰী গুলাব চান্দ কাটাৰিয়া, অসমৰ ৰাজ্যপাল হিচাপে
THE ASSAM MICROFIANCE INSTITUTIONS
(REGULATION OF MONEY LENDING)
(AMENDMENT) BILL, 2023 অসম বিধান সভাত উত্থাপন
কৰিবৰ বাবে অনুমোদন জনালোঁ


(গুলাব চান্দ কাটাৰিয়া)
ৰাজ্যপাল, অসম

**ASSAM MICRO FINANCE INSTITUTIONS (REGULATION OF MONEY LENDING)
(AMENDMENT) BILL, 2023.**

A

BILL

further to amend the Assam Micro Finance Institutions
(Regulation of Money Lending) Act, 2020.

Preamble

Whereas it is expedient further to amend the Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020, hereinafter referred to as the principal Act, in the manner hereinafter appearing;

Assam
Act No.V
of 2021

It is hereby enacted in the Seventy-fourth year of the
Republic of India as follows :-

Short title,
extent and
commencement

1. (1) This Act may be called the **Assam Micro Finance Institutions (Regulation of Money Lending) (Amendment) Act, 2023.**

(2) It shall have the like extent as the principal Act.

(3) It shall come into force on such date as the Government may, by notification in the Official Gazette, appoint.

Amendment of
section 2

2. In the principal Act, for section 2, the following shall be substituted, namely:-

“2. All Micro Finance Institutions (MFIs) or Money Lending Agencies or Organizations operating in Assam and not registered with the Reserve Bank of India and or regulated by it as Bank under **The Banking Regulation Act, 1949** or Non Banking Finance Company (NBFC) under the provisions of **Reserve Bank of India Act, 1934** shall come under the ambit of this Act, whether they had come into existence before or after the commencement of this Act.”

Central Act No.
10 of 1949

Central Act No. 2
of 1934

Amendment of
section 3

3. In the principal Act, in section 3, in sub-section (1), for clause (f), the following shall be substituted, namely:-

“(f) “Micro Finance Institution (MFI) or Money Lending Agencies or Organizations” means any person, partnership firm, group of persons, including a Company registered under the provisions of the **Companies Act, 2013**, a Society registered under, the **Assam Cooperative Societies Act,**

Central Act No.
18 of 2013
Assam Act No. IV
of 2012

Assam
BY THE
SECRETARY
30/8/23

2007, or the **Societies Registration Act, 1860**, and the like, in whichever manner formed and by whatever name called, which is not registered with the Reserve Bank of India and or regulated by it, and whose principal or incidental activity is to lend money or offer financial support of whatsoever nature to the poor or below poverty line population;”

- Amendment of section 7
4. In the principal Act, in section 7, for sub-section (5), the following shall be substituted, namely:-
- “(5) Compliance with the Reserve Bank of India (RBI) regulatory guidelines, as applicable to Banks and Non Banking Finance Companies (NBFCs) and issued from time to time shall be mandatory for the other category of lenders at all times.”
- Amendment of section 10
5. In the principal Act, in section 10, in sub-section (4) ,-
- (i) for the first para, the following shall be substituted, namely:-
- “(4) Micro Finance Institutions (MFIs) shall provide the borrower with a loan card reflecting,-”;
- (ii) in clause (iv), in the first line, for the words “NBFC-MFI”, the words “Micro Finance Institutions (MFIs)” shall be substituted;
- Amendment of section 12
6. In the principal Act, in section 12, in sub-section (2), in clause (ii), for the word “Bank” appearing in the beginning, the word “Lender” shall be substituted.
- Amendment of section 8, 10 and 17
7. In the principal Act, in section 8, 10 and 17, for the words and brackets “Non-Banking Finance Company (NBFC) –” wherever they occur shall be deleted.

M. Begum
CHECKED BY THE
SECRETARY DEPARTMENT
30/8/23

**GOVERNMENT OF ASSAM
FINANCE DEPARTMENT
DISPUR, GUWAHATI-6
CABINET MEMORANDUM**

(Circulated under Rule 17 of the Assam Rules of Executive Business, 1968)

1 . SUBJECT :

AMENDMENT OF ASSAM MICRO FINANCE INSTITUTIONS (REGULATION OF MONEY LENDING) ACT, 2020

2 . INTRODUCTION :

The Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 was introduced to protect and relieve economically vulnerable groups and individuals from the undue hardship of usurious interests rates and coercive means of recovery by Micro Finance Institutions or Money Lending Agencies or Organizations and for this purpose to create an effective mechanism to regulate the Micro Finance Institutions or Money Lending Agencies or Organizations operating in the state of Assam and for matters connected therewith and incidental thereto.

3 . BACKGROUND :

Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 was introduced to control the expansion of operations by the microfinance lending agencies by extensive violations of RBI's Fair Practices Code viz cap of interest rates, limitations on the number of lenders to a single borrower, quantum of loans, by a significant number of Micro Finance Institutions (MFIs). When the poor borrowers were not in a position to service the repayments on time, some MFIs resorted to coercive recovery methods, leading to serious law and order situations in many districts. Many District Magistrates and police authorities started reporting such incidents to the higher authorities in the State. Several meetings were organized, some at the level of Chief Secretary. It was then realized that the State Government had no formal mechanism or platform to formally interact with the MFIs. Further, the MFIs are not represented at the State Level Bankers Committee (SLBC) Forum.

4 . PROPOSAL :

The present proposal is to amend the Assam Micro-Finance Institutions (Regulation of Money Lending) Act, 2020, to not cover the entities registered and regulated by the Reserve Bank of India, placed at Annexure-A

5 . JUSTIFICATION :

Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 has been made

applicable to all the RBI regulated entities including NBFC-MFIs now to avoid duality of regulation, RBI has requested to exclude the entities falling under the ambit of RBI as NBFC-MFIs as the subject of banking and non-banking financial regulation falls within the Union List of the Constitution of India

6 . INTER DEPARTMENTAL CONSULTATIONS :

a. The view of Judicial department:

Finance Department U/O :

Your endorsement at Note# 47.

Accordingly, on perusal of the proposal for amending sections 2, 3(1)(f), 7(5), 8(1), 10(4)(iv), 10(5), 12(2)(ii), 17 and 17(i) of the Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020, it appears that the amendment is necessitated on the request of RBI to exclude the entities regulated by the RBI from the ambit of the Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 as the judgment dated February 14, 2023 of the High Court for the State of Telangana excluded the NBFCs (registered under the RBI Act and regulated by the RBI) from the applicability of the Telangana Micro Finance Institutions (Regulation of Money Lending) Act, 2011 and Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Act, 2011 respectively.

The proposed amendment appears to be agreeable. However, Finance Department is requested to prepare a draft amendment Bill and obtain views/vetting of Legislative Department on the proposed draft amendment Bill prior to placing it before the Cabinet.

This has the approval of the L.R & Secretary to the Govt. of Assam, Judicial Department.

25/08/2023 05:29 PM

HITLERPEGU
JOINT SECRETARY

b. The View of Legislative Department:

Institutional Finance Department U/O

Your endorsement above.

The draft bill namely the Assam Micro Finance Institutions (Regulation of Money Lending) (Amendment) Act, 2023 has been examined.

It has been suitably corrected, retyped and attached herewith and it appears to be in order.

This has the approval of Secretary, Legislative Department.

30/08/2023 04:47 PM
MEHBOOBA BEGUM
JOINT SECRETARY

(The copy of the Amendment Bill is annexed in Memo Annexure)

7 . RESPONSE OF PARENT DEPARTMENT :

Agreed.

8 . FINANCIAL IMPLICATIONS :

Financial Implication is not required in this case.

Amount:

9 . EMPLOYMENT GENERATION POTENTIAL, IF ANY :

Not applicable

10 . APPROVAL OF THE MINISTER-IN-CHARGE :

Approval of the Hon'ble Finance Minister is obtained.

11 . APPROVAL SOUGHT :

Approval from the Hon'ble Cabinet is solicited for the Amendment of **Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020**

SECRET
Finance

STATEMENT OF IMPLEMENTATION SCHEDULE

Subject : AMENDMENT OF ASSAM MICRO FINANCE INSTITUTIONS (REGULATION OF MONEY LENDING) ACT, 2020

Gist of Decision Required	Project benefits/results	Timeframe and manner of implementation/reporting to Cabinet Cell
After Amendment of Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020, the same will be notified and disseminated to all the stakeholders.	To avoid duality of regulation of the entities falling under the ambit of RBI as NBFC-MFIs	After Amendment of Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020, the same will be notified and disseminated to all the stakeholders.

SECRET
Finance

STATEMENT OF MAJOR MILESTONES AND TARGET DATES

Subject : AMENDMENT OF ASSAM MICRO FINANCE INSTITUTIONS (REGULATION OF MONEY LENDING) ACT, 2020

Sl No.	Major Milestones	Timeframe for completion / Target
1	Not applicable	Not applicable

FOR PRESS BRIEFING

Department name : Finance

Decision date :

Subject of the Note for the Cabinet

1.Decision

AMENDMENT OF ASSAM MICRO FINANCE INSTITUTIONS (REGULATION OF MONEY LENDING) ACT, 2020

2.Point wise details

Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 has been made applicable to all the RBI regulated entities including NBFC-MFIs now to avoid duality of regulation, RBI has requested to exclude the entities falling under the ambit of RBI as NBFC-MFIs as the subject of banking and non-banking financial regulation falls within the Union List of the Constitution of India.

3.Background

Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 was introduced to control the expansion of operations by the microfinance lending agencies by extensive violations of RBI's Fair Practices Code viz cap of interest rates, limitations on the number of lenders to a single borrower, quantum of loans, by a significant number of Micro Finance Institutions (MFIs). When the poor borrowers were not in a position to service the repayments on time, some MFIs resorted to coercive recovery methods, leading to serious law and order situations in many districts. Many District Magistrates and police authorities started reporting such incidents to the higher authorities in the State. Several meetings were organized, some at the level of Chief Secretary. It was then realized that the State Government had no formal mechanism or platform to formally interact with the MFIs. Further, the MFIs are not represented at the State Level Bankers Committee (SLBC) Forum.

4.Implementation strategy and targets

After Amendment of **Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020, the same will be notified and disseminated to all the stakeholders.**

5.Major impact including employment generation potential

Not applicable

6.Expenditure involved

Not applicable

7.No of beneficiaries

Not applicable

8.Districts covered

ALL

9.Details and progress of scheme if already running

NA

SECRET

EXTRACT OF MINUTES OF THE CABINET MEETING HELD ON 08-09-2023
AT 4:30 PM IN THE IN THE CONFERENCE HALL OF STATE GUEST,
KOINADHARA, KHANAPARA, GUWAHATI

Item No.14
Finance Department

File No : ECAB/FIN/2023/20

Sub : Amendment of Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020.

Approved.

*Relevant Extract of the decision
of the Cabinet Meeting is sent
herewith for necessary action.*

*Alender
9-9-23*

Joint Secretary to the Government of Assam
Political (Cabinet Cell) Department,
Dispur, Guwahati

[Handwritten signature]

✓
The Principal Secretary
Government of Assam
Finance Department
Dispur, Guwahati.

STATEMENT OF OBJECTION AND REASONS.

The Bill namely "the Assam Micro Finance Institutions (Regulation of Money Lending) (Amendment) Bill, 2023.

The the Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 has been made applicable to all the RBI Regulated entities including NBFC-MFIs too. To avoid duality of Regulation, the present amendment is being proposed in section 2, 3(1)(f), 7(5), 10(4),10(4)(iv), 12(2)(ii), and section 8, 10 & 17 wherever the words and brackets "Non-Banking Finance Company (NBFC)" occurs shall be deleted from the Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020. This amendment will exclude the entities regulated by the RBI from the ambit of the Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020.

Hence, the Bill.

Ajanta Neog

(Smti Ajanta Neog)
Minister-in-Charge
Finance Department, Assam

Hem

Principal Secretary,
Assam Legislative Assembly

FINANCIAL MEMORANDUM.

There is no financial involvement in the proposed Bill.

Ajanta Neog

(Smti Ajanta Neog)
Minister-in-Charge
Finance Department, Assam.

MEMORANDUM OF DELEGATED LEGISLATION.

There is delegation of Legislative Powers to the executive in the proposed Bill.

Ajanta Neog

(Ajanta Neog)
Minister-in-Charge
Finance Department, Assam