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## MFIs pitch for issuance of tax free social bonds by NABARD, SIDBI

Micro-finance institutions have made a pitch for issuance of tax-free social bonds for five years by SIDBI/NABARD to exclusively provide debt to the sector operating in semi urban, rural areas or aspirational districts.

In a pre-Budget memorandum to the Finance Ministry, Sa-Dhan, the association of microfinance sector, also made a case for introduction of credit guarantee scheme and refinance facility for MFIs through the National Bank For Agriculture and Rural Development (NABARD), Small industrial Development Bank of India (SIDBI) or MUDRA.

It has also demanded relaxation of Alternative Investment Fund subscription amount from Rs 100 lakh to Rs 5 lakh for individual investors so that fund flow to social sectors specially microfinance, agriculture, water and sanitation, etc can be facilitated.

"Issuance of tax-free social bonds for 5 years by SIDBI/NABARD is to exclusively provide debt to MFIs operating in semi urban, rural areas/aspirational districts. This pool of funds will take industry to the next level and will help to uplift lives of rural population with strong wave of financial inclusion," it said.

analysis

It also suggested setting up of special funding window under Targeted Long-Term Repo Operations (TLTRO) for MFIs to facilitate flow of long term funding to the sector which is very critical for upscaling disbursements.

राष्ट्रीय कृषि और ग्रामीण विकास बैंक

**National Bank for Agriculture and Rural Development**

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