

**MFIN/CC/05/25-26**

### **MFIN Press Release on Bihar**

The Microfinance Industry Network (MFIN) notes the adoption of “**The Bihar Micro Finance Institutions (Regulations of Money Lending and Prevention of Coercive Actions) Bill, 2026**” by the Bihar Legislative Assembly on 26 February 2026.

**MFIN is an SRO of RBI Regulated entities [NBFC-MFIs, Banks, SFBs, and NBFCs]. MFIN notes that the Bill passed by the Legislative Assembly is not applicable to RBI-regulated Microfinance Institutions, including Banks and NBFC-MFIs as per Section 2(2) of the Bill. Accordingly, MFIN understands that the RBI regulated or licensed entities need not register at the State level.**

**MFIN notes the provisions in the bill relating to borrower protection and fair recovery practices which are applicable to all lending entities. MFIN would like to reiterate that RBI-regulated institutions already operate under one of the most stringent borrower protection frameworks in the financial sector, supported by detailed RBI Responsible Business conduct guidelines, MFIN’s industry Code of Conduct, and MFIN Guardrails, which together mandate fair conduct, transparent lending practices, and responsible, non-coercive recovery mechanisms.**

It is noteworthy that RBI Regulated institutions, as on date, provide collateral free and doorstep credit services to nearly 1 crore low-income clients with credit outstanding of Rs.48,569 crore in Bihar, thereby playing an integral part in building an inclusive and prosperous Bihar.

MFIN would like to caution microfinance borrowers not to fall prey to rumours, be regular in repayment to maintain good credit record and contact their lender for information. Further, MFIN will also undertake targeted awareness and outreach initiatives across Bihar to enhance public understanding of borrower protection safeguards followed by RBI-regulated microfinance institutions, including transparent lending processes, grievance redressal mechanisms, and responsible, non-coercive recovery practices.