

RBI increases banks' exposure limit to single NBFC from 15% to 20% of their capital base

This is in reference to the statement on Developmental and Regulatory Policies dated August 7, 2019 on 'Harmonisation of single counterparty exposure limit for banks' exposures to a single NBFC with general single counterparty exposure limit'.

According to circular DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019 on "Large Exposures Framework (LEF)", banks' exposures to a single Non-Banking Financial Company (NBFC) is restricted to 15 percent of their available eligible capital base, while general single counterparty exposure limit is 20 percent, which can be extended to 25 percent by banks' Boards under exceptional circumstances.

It has been decided by RBI now that a bank's exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that bank's eligible capital base. Bank finance to NBFCs predominantly engaged in lending against gold will continue to be governed by limits prescribed in circular DBOD.BP.BC.No.106/21.04.172/2011-12 dated May 18, 2012.

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Warm Regards,
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