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RBI releases Basel III Framework on Liquidity Standards - LCR, FALLCR against credit disbursed to NBFCs and HFCs

This is in reference to RBI circular dated September 27, 2018 increasing the carve-out from SLR, under the Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR), to 13 per cent of NDTL (Net Demand and Time Liabilities).

It has been decided by RBI that, with immediate effect, banks will be permitted to also reckon Government securities held by them up to an amount equal to their incremental outstanding credit to NBFCs (Non-Banking Financial Companies) and Housing Finance Companies (HFCs), over and above the amount of credit to NBFCs and HFCs outstanding on their books as on October 19, 2018, as Level 1 HQLA under FALLCR within the mandatory SLR requirement. This will be in addition to the existing FALLCR of 13 per cent of NDTL, and limited to 0.5 per cent of the bank's NDTL. The above additional FALLCR will be available up to December 31, 2018.

The single borrower exposure limit for NBFCs which do not finance infrastructure stands increased from 10 percent to 15 percent of capital funds, up to December 31, 2018.

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Warm regards,

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