



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2009-10/317

DBOD. No. BP. BC. 74 /21.04.172/ 2009-10

February 12, 2010

All Commercial Banks
(excluding RRBs and LABs)

Dear Sir,

Risk weights and exposure norms in respect of bank exposure to NBFCs categorised as 'Infrastructure Finance Companies'

Please refer to paragraph 160 of the Second Quarter Review of the Monetary Policy for the year 2009-10 ([copy of extract enclosed](#)) wherein it was proposed to link the risk weights of banks' exposure to NBFCs categorised as Infrastructure Finance Companies (IFCs) to the credit rating assigned to these NBFCs by external credit assessment institutions (ECAIs).

2. Accordingly, banks' exposures to NBFC-IFCs will henceforth be risk weighted as per the ratings assigned to these NBFCs by the rating agencies registered with the SEBI and accredited by the Reserve Bank of India. Banks may refer to paragraphs 5.8.1 and 8.3.5 of our Master Circular [DBOD.No.BP.BC. 73 /21.06.001/2009-10](#) dated February 8, 2010 on New Capital Adequacy Framework and assign appropriate risk weights, i.e. similar to corporates/corporate bonds, while computing capital for credit risk and specific risk under market risk. The other provisions as indicated in our above Circular would also be applicable.

चकिंग परिचालन और विकास विभाग, केन्द्रीय कार्यालय., 12वीं मंजिल, केन्द्रीय कार्यालय भवन, शहीद भगतसिंह मार्ग. मुंबई 400001

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हिंदी आसान है, इसका प्रयोग बढ़ाएँ

3. A reference is also invited to paragraph 8 of the Master Circular on Bank Finance to Non Banking Financial Companies ([DBOD. BP.BC. No. 5/21.04.172/2009-10 dated July 1, 2009](#)) in terms of which prudential ceilings for exposure of banks to NBFCs have been prescribed. In this regard, it is advised that the exposure of a bank to the IFCs should not exceed 15 per cent of its capital funds as per its last audited balance sheet, with a provision to increase it to 20 per cent if the same is on account of funds on-lent by the IFCs to the infrastructure sector.

Yours faithfully,

(B. Mahapatra)
Chief General Manager