

RBI/2023-24/___

DOR.CRE.REC.XXX/21.01.003/2023-24

January 15, 2024

All Government Owned NBFCs

Madam/ Dear Sir,

Draft circular - “Credit/investment Concentration Norms – Government owned NBFCs”

Please refer to paragraph 91.7 of [Master Direction – Reserve Bank of India \(Non-Banking Financial Company – Scale Based Regulation\) Directions, 2023](#) dated October 19, 2023 as per which Government owned NBFCs set up to serve specific sectors are permitted to approach the Reserve Bank for exemptions, if any, from credit/investment concentration norms.

2. As substantial time has elapsed since Government owned NBFCs were brought within the ambit of prudential regulations in May 2018, a review of the exposure norms for these NBFCs has been carried out and it has been decided to withdraw the case-by-case basis exemptions granted to Government NBFCs. Henceforth, the Government NBFCs shall be guided by the exposure norms and limits contained in the following circulars as applicable to them: -

- i) Paragraphs 91.1 to 91.6 of the [Master Direction – Reserve Bank of India \(Non-Banking Financial Company – Scale Based Regulation\) Directions, 2023](#) dated October 19, 2023 as amended from time to time;
- ii) [Master Direction - Non-Banking Financial Company – Housing Finance Company \(Reserve Bank\) Directions, 2021](#) dated February 17, 2021 as amended from time to time;
- iii) [DOR.CRE.REC.No.60/03.10.001/2021-22](#) on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021;
- iv) [DOR.CRE.REC.70/21.01.003/2023-24](#) on Credit/Investment Concentration Norms – Credit Risk Transfer dated January 15, 2024.

3. In order to address implementation challenges and to ensure non-disruptive transition, it has been decided that the existing breaches (including draw down of existing sanctioned limits), if any, of the NBFCs as on the date of this circular shall be allowed to run-off till maturity subject to the condition that no further exposure is taken to such obligors so long as they are in breach of the prudential exposure limits, unless the additional exposure is fully secured by eligible credit risk transfer instruments. The eligible credit risk transfer instruments for this purpose shall be those prescribed under paragraph 3 of the circular on Credit/Investment Concentration Norms – Credit Risk Transfer dated January 15, 2024.

Yours faithfully,

(Vaibhav Chaturvedi)
Chief General Manager