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Banks can rediscount transport sector bills discounted by NBFCs

The Reserve Bank of India has allowed banks to rediscount bills discounted by non-banking financial companies (NBFCs) arising from sale of commercial vehicles including light commercial vehicles. Banks should, however, ensure that such rediscounting is subject to normal lending safeguards. This measure will enable NBFCs to have recourse to further finance through the rediscounting of bills

In a circular issued to all scheduled commercial banks today, the Reserve Bank has stated that the non-bank financial companies are playing an important role in meeting the financing needs of the transport sector particularly the commercial vehicles segment including trucks, cars, three wheelers and other light commercial vehicles. The ability of non-banking financial companies to meet these requirements, however, was constrained because of non-availability of rediscounting facilities from banks.

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