


	प्रेस प्रकाशनी PRESS RELEASE
संचार विभाग , केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001 DEPARTMENT OF COMMUNICATION , Central Office, S.B.S. Marg, Mumbai 400001 फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279	 भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA वेबसाइट : www.rbi.org.in/hindi Website : www.rbi.org.in इ-मेल email: helpdoc@rbi.org.in

October 31, 2008

RBI allows Non-Deposit taking NBFCs to raise Short Term Foreign Funds with Prior Approval

The Reserve Bank recently allowed Systemically Important Non-Deposit taking Non-Banking Financial Companies (NBFCs-ND-SI) to raise funds by issuing Perpetual Debt Instruments that can be included in their Tier 1 capital. It has now been decided as a temporary measure, to permit NBFCs-ND-SI to raise short- term foreign currency borrowings, under the approval route, subject to the following conditions.

- i) **Eligibility:** NBFCs-NDSI, complying with the prudential norms on capital adequacy and exposure norms.
- ii) **Eligible lenders:** Multilateral or bilateral financial institutions, reputable regional financial institutions, international banks and foreign equity holders with minimum direct equity holdings of 25 per cent.
- iii) **End-use:** The resources should be used only for refinancing of short-term liabilities and no fresh assets should be booked out of the resources.
- iv) **Maturity:** The maturity of the borrowing should not exceed three years.
- v) **Amount:** The maximum amount should not exceed 50 per cent of the Net Owned Funds (NOF) or USD 10 million (or its equivalent), whichever is higher.
- vi) **All-in-cost ceiling:** The all-in-cost ceiling should not exceed 6 months Libor + 200 bps (for the respective currency of borrowing or applicable benchmark).
- vii) The borrowings should be fully swapped into Rupees for the entire maturity.

NBFC- ND-SIs proposing to avail of the facility should apply to the Chief General Manager – in- Charge, Department of Non Banking Supervision (DNBS), Reserve Bank of India, Central Office, Centre 1, World Trade Centre, Cuffe Parade, Colaba, Mumbai - 400005 with full details for the necessary approval.

Alpana Killawala
Chief General Manager

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