



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI places on its website Discussion Paper on Large Exposures Framework and Enhancing Credit Supply through Market Mechanism

The Reserve Bank of India today placed on its website the [Discussion Paper \(DP\)](#) on Large Exposures (LE) Framework and Enhancing Credit Supply through Market Mechanism. Comments on the DP may be forwarded to the Chief General Manager-in-Charge, Department of Banking Regulation, Reserve Bank of India, Central Office, Shahid Bhagat Singh Marg, Mumbai 400001 or [emailed](#), latest by April 30, 2015.

The salient features of the proposed Large Exposures (LE) Framework include:

- The Large Exposure (LE) limit in respect of each counterparty, which includes a group of connected counterparties, will be capped at 25 percent of the eligible capital base.
- The eligible capital base will be defined as the Tier 1 capital of the bank as against 'Capital Funds' at present.
- A group of connected counterparties will be identified on the basis of 'control' as well as 'economic interdependence' criteria as against only 'control' criteria under extant RBI exposure norms.
- The proposed LE framework will be fully applicable from January 1, 2019.

The DP also invites comments on a proposal to make large corporates, enjoying working capital and term loan limits above a certain threshold, to meet a portion of both their short term and long term funding needs through the market mechanism such as Commercial Papers (CPs) and Corporate Bonds.

Background

The Large Exposures Framework is proposed in accordance with the announcement made by the Reserve Bank of India (RBI) in the [Fourth Bi-Monthly Monetary Policy Statement, 2014-15 announced on September 30, 2014](#) to issue a discussion paper on banks' large exposures and convergence of the exposure limits applicable in India with the Standards announced by the Basel Committee on Banking Supervision (BCBS) which come into effect from January 1, 2019.