RBI/2018-19/98  
December 28, 2018

All Scheduled Commercial Banks  
(Excluding RRBs) & Small Finance Banks (SFBs)

Dear Sir,

**Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), FALLCR against credit disbursed to NBFCs and HFCs**

Please refer to our circular dated October 19, 2018 on the captioned subject.

2. The banks have been permitted to reckon government securities as Level 1 HQLA under FALLCR within the mandatory SLR requirement up to 0.5 per cent of the bank’s NDTL in respect of their incremental lending to NBFCs and HFCs after October 19, 2018. This facility is available up to December 31, 2018. Further, the single borrower limit for NBFCs (not financing infrastructure) has been increased from 10 per cent to 15 per cent of capital funds till December 31, 2018.

3. In order to further facilitate banks to lend to NBFCs and HFCs as indicated above, it has been decided to extend the aforesaid facilities up to March 31, 2019.

4. It may be noted that with effect from April 1, 2019, banks shall be guided by the instructions contained in circular _DBR.No.BP.BC.43/21.01.003/2016-17_ dated _December 01, 2016_ in terms of which banks’ exposures to a single NBFC shall be restricted to 15 percent of their eligible capital base (Tier-1 capital).

Yours faithfully,

(Saurav Sinha)  
Chief General Manager-in-Charge