

## Withdrawal of exemptions granted to Government Owned NBFCs

Government owned companies, as defined under Clause (45) of Section 2 of the Companies Act, 2013 (Section 617 of the Companies Act, 1956) and registered with the Reserve Bank of India as Non-Banking Financial Companies (NBFCs), are currently exempt from following regulatory and statutory provisions:

(i) Sections 45-IB and 45-IC of the RBI Act, 1934.

(ii) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (except provisions contained in paragraph 23 of these Directions).

(iii) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 (except provisions contained in paragraph 36, 37 and 41 of these Directions).

**On a review, it has been decided by RBI to make the NBFC regulations applicable to Government NBFCs as per the timeline indicated below.** Government NBFCs that are already complying with the prudential regulation as per the road map submitted by them shall continue to follow the same.

### Timeline for Government NBFCs

Norm	Extant Provisions for other NBFCs	Govt. NBFCs Timeline
Prudential Regulation		
Income recognition	As prescribed	Balance Sheet dated March 31, 2019
Asset Classification	NBFC-NDSI and NBFCs-D – 90 days norm NBFCs-ND – 180 days	NBFC-NDSI and NBFCs-D 120 days – March 31, 2019 90 days – March 31, 2020 NBFCs-ND

	norm	180 day norm – March 31, 2019
Provisioning requirement	For NPAs – As specified in the Directions.	As on March 31, 2019– 100% of prescribed requirement
	For Standard Assets <u>NBFC-NDSI and NBFCs-D- 0.40%</u> <u>NBFCs-ND – 0.25%</u>	
Capital Adequacy Applicable to NDSI and NBFC –D	CRAR – 15% Tier 1 – 10%	10% (min Tier I – 7%); March 31, 2019
		12% (min Tier I – 8%); March 31, 2020
		13% (min Tier I – 9%); March 31, 2021
		15% (min Tier I – 10%); March 31, 2022
Leverage Ratio	Applicable to NBFC – ND	A roadmap for adherence by March 31, 2022 to be prepared by the Govt. NBFC - ND
Concentration of credit/ investment	As prescribed	Govt. companies set up to serve specific sectors may approach the Reserve Bank for exemptions, if any. For others, the timeline will be up to balance Sheet dated March 31, 2022.
Others		
Corporate Governance etc.	As prescribed	Balance Sheet dated March 31, 2019
Conduct of Business Regulations (Fair Practices Code)	As prescribed	Balance Sheet dated March 31, 2019
Acceptance of Deposit Directions		
Deposit Directions	As prescribed for NBFC-D	<ul style="list-style-type: none"> <li>Investment Grade Credit rating for acceptance of public deposits- March 31, 2019.</li> <li>A Govt. NBFC-D having investment grade credit rating can accept deposits only upto 1.5 times of its NOF. Govt. NBFCs holding deposits in excess of the limit shall not access fresh deposits or renew existing ones till they conform to the limit, the existing deposits will be allowed to run off till maturity.</li> </ul>

		• All other directions shall apply from Balance Sheet dated March 31, 2019.
Statutory Provisions		
Sec 45 IB	Maintenance of percentage of assets – 15% of the outstanding deposits	March 31, 2019 – 5% of outstanding deposits March 31, 2020 – 10% of outstanding deposits March 31, 2021 – 12% of outstanding deposits March 31, 2022 – 15% of outstanding deposits
Sec 45 IC	Reserve Fund	March 31, 2019

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Warm regards,

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