

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. †257

Answered on Monday, February 5, 2024/Magha 16, 1945 (Saka)

Unsecured Loan Distribution

†257. SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has taken any special measure for the regulation of unsecured loan distribution;
- (b) if so, the details thereof;
- (c) whether the Government proposes new guidelines for NBFC institutions; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (d): Reserve Bank of India (RBI) *vide* its circular dated 16.11.2023 on regulatory measures towards consumer credit and bank credit to Non-Banking Financial Companies (NBFCs) has effected various quantitative and qualitative measures including, *inter alia*, increasing the risk weights of commercial banks and NBFCs' exposure to consumer credit and credit card receivables. Regulated entities have also been advised to review their extant sectoral exposure limits for consumer credit, specifically, limits for all unsecured consumer credit exposures and put in place Board approved limits in respect of various sub-segments under consumer credit as may be considered necessary by the Boards as part of prudent risk management. The limits so fixed are required to be strictly adhered to and monitored on an ongoing basis by the Risk Management Committee.

Further, RBI has issued Master Direction – Reserve Bank of India (NBFC – Scale Based Regulation) Directions, 2023 on 19.10.2023 (updated on 10.11.2023). The master direction is applicable for different categories of NBFCs, viz. NBFC-Base Layer, NBFC-Middle Layer, NBFC-Upper Layer, etc. depending upon size, scale of activity, perceived riskiness and function.
