

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO-4655
ANSWERED ON-23.03.2020

Liquidity of NBFCs

4655. SHRI D.M. KATHIR ANAND:

Will the Minister of FINANCE be pleased to state:

- (a) the steps taken by the Government towards the liquidity crunch happening in NBFCs;
- (b) whether the loans given out by NBFCs have come down drastically after the IL&FS event;
- (c) the details of the loan given during the last two years by various NBFCs across the country, State-wise; and
- (d) whether the Government has any plans to come up with a scheme to help the NBFCs and sell a part of their assets to raise the liquidity?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a): With regard to steps taken to ease the liquidity position of Non-Banking Financial Companies (NBFCs), Reserve Bank of India (RBI) has apprised that overall positive liquidity in the system has been ensured by RBI since June 2019 through open market operations conducted in addition to regular Liquidity Adjustment Facility auctions. RBI has further informed that Asset-Liability Management (ALM) guideline has been revised to raise the standard of ALM framework of NBFCs. The framework stipulates maintenance of liquidity buffer in terms of a liquidity coverage ratio (LCR) beginning in 1.12.2020 at 50% for all deposit-taking NBFCs irrespective of their asset size and all non-deposit taking NBFCs (NBFCs-ND) with an asset size of Rs 10,000 crore and above, and 30% for all NBFCs-ND with an asset size of Rs. 5,000 crore and above but less than Rs. 10,000 crore. All of these categories of NBFCs have been mandated to achieve 100% LCR by 1.12.2024. Further, RBI has permitted front-loading of 1% increase in the facility to avail of liquidity for LCR for incremental credit given to NBFCs and Housing Finance Companies (HFCs), over and above credit outstanding to NBFCs and HFCs as on 5.7.2019. In addition, the National Housing Bank has launched Liquidity Infusion Facility (LIFt) Scheme for HFCs as a refinance scheme

to support HFCs in creating individual housing loan portfolio under priority sector as defined by RBI.

(b): No, sir. As per data furnished by RBI, loans outstanding in NBFCs (excluding HFCs) after following default by the Infrastructure Leasing and Financial Services group of companies increased from Rs. 21.42 lakh crore as on 30.9.2018 to Rs. 23.54 lakh crore as on 30.9.2019 (provisional data).

(c): RBI has informed that State-wise details of loan given by various NBFCs across the country during a period are not maintained.

(d): Government has launched Partial Credit Guarantee Scheme on 11.12.2019 for providing guarantee to Public Sector Banks for purchasing high-rated pooled assets from financially sound NBFCs/HFCs, with the amount of overall guarantee being limited to first loss of up to 10 per cent of fair value of assets being purchased, or Rs. 10,000 crore, whichever is lower. The scheme covers NBFCs/HFCs that may have slipped into Special Mention Account-0 category (*i.e.*, repayments in which are up to 30 days past due date) during the one-year period prior to 1.8.2018, and asset pools rated BBB+ or higher. The window for one-time partial credit guarantee is open till 30.6.2020 or till such date by which Rs. 1,00,000 crore assets get purchased by the banks, whichever is earlier.

In addition, RBI has relaxed the securitisation guidelines for NBFCs by lowering the minimum holding period requirements from one year to six months for eligible loan assets till 30.6.2020, which also enables NBFCs to securitise and sell their assets within a shorter period from origination of loan.
