



RBI/2015-16/114

DNBR (PD) CC.No. 064/03.10.001/2015-16

July 02, 2015

All Non-Banking Financial Companies (excluding Primary Dealers)

Madam/Sir

Applicability of Credit Concentration Norms

In terms of section 45IA(7)(I) of the Reserve Bank of India Act, 1934, for calculation of Net Owned Fund (NOF), the loans given to/ investments made in companies in the same group/ subsidiaries by NBFCs, inter alia, shall be reduced to the extent such amount exceeds 10 per cent of the Owned Funds. At the same time, such exposures are subject to the Concentration of Credit/ Investment norms as per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 dated March 27, 2015 and Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 dated February 22, 2007.

2. On a review it has been decided that in determining Concentration of Credit/ Investment, the following shall be excluded:

(A) investments of NBFC in shares of

- (i) its subsidiaries;
- (ii) companies in the same group,

to the extent they have been reduced from Owned Funds for the calculation of NOF and

(B) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with, -

- (i) subsidiaries of the NBFC; and
- (ii) companies in the same group,

to the extent they have been reduced from Owned Funds for the calculation of NOF.

3. Notification No. DNBR. 027/CGM (CDS) -2015 dated July 02, 2015 amending the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and Notification No. DNBR. 028/CGM(CDS)-2015 dated July 02, 2015 amending the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are enclosed.

Yours faithfully

(C.D. Srinivasan)
Chief General Manager

**RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING REGULATION
CENTRAL OFFICE, CENTRE I, WORLD TRADE CENTRE
CUFFE PARADE, COLABA, MUMBAI 400 005**

Notification No. DNBR 027/CGM (CDS) -2015 dated July 02, 2015

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ([Notification No. DNBR. 009 CGM\(CDS\) – 2015 dated March 27, 2015](#)) (hereinafter referred to as the Directions), in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said Directions shall be amended with immediate effect as follows –

1. In sub-paragraph (1) of paragraph 24 of the Directions, after the fourth proviso, the following proviso shall be inserted -

“Provided further that nothing contained in paragraph 24(1) shall apply to

(A) investments of NBFC in shares of

- (i) its subsidiaries;
- (ii) companies in the same group,

to the extent they have been reduced from Owned Funds for the calculation of NOF and

(B) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with, -

- (i) subsidiaries of the NBFC; and
- (ii) companies in the same group,

to the extent they have been reduced from Owned Funds for the calculation of NOF”.

(C.D.Srinivasan)
Chief General Manager

**RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING REGULATION
CENTRAL OFFICE, CENTRE I, WORLD TRADE CENTRE
CUFFE PARADE, COLABA, MUMBAI 400 005.**

Notification No. DNBR 028/CGM (CDS) -2015 dated July 02, 2015

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007([Notification No.DNBS.192/DG\(VL\)-2007 dated February 22, 2007](#)) (hereinafter referred to as the Directions), in exercise of the powers conferred by section 45JA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said Directions shall be amended with immediate effect as follows –

1. In sub-paragraph (1) of paragraph 20 of the Directions, after the second proviso, the following proviso shall be inserted -

“Provided further that nothing contained in paragraph 20(1) shall apply to

(A) investments of NBFC in shares of

- (i) its subsidiaries;
- (ii) companies in the same group,

to the extent they have been reduced from Owned Funds for the calculation of NOF and

(B) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with, -

- (i) subsidiaries of the NBFC; and
- (ii) companies in the same group,

to the extent they have been reduced from Owned Funds for the calculation of NOF”.

(C.D.Srinivasan)
Chief General Manager