



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2015-16/239

DBR.No.FSD.BC. 58/24.01.007/2015-16

November 19, 2015

**All Scheduled Commercial Banks
(excluding RRBs)**

Dear Sir/Madam

Provision of Factoring Services by Banks - Review

Please refer to our [circular DBR.No.FSD.BC.32/24.01.007/2015-16 dated July 30, 2015](#) on *Provision of Factoring Services by banks- Review*.

2. In paragraph 4(a), it has been mentioned that *in order to ensure that the bank offering factoring services has enough margin to cover any deficiencies in the payment of the related invoice, it should be ensured that the pre-payment amount offered by banks for the receivables acquired under factoring should not exceed 80% of the invoice value.*

3. On a review, it is advised that banks offering factoring services may decide percentage of the invoice to be paid upfront based on their own assessment of the credit worthiness of the assignor/ buyer, due diligence carried out by them and other commercial considerations.

Yours faithfully

(Lily Vadera)
Chief General Manager