



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

RBI 2013-14/425

DNBS.PD.363 /03.10.38/2013-14

January 1, 2014

All NBFC-MFIs

Dear Sirs,

Advances guaranteed by Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) – Risk Weights and Provisioning

The Ministry of Housing & Urban Poverty Alleviation, Government of India has set up the CRGFTLIH vide their Notification No.O-17034/122/2009-H dated June 21, 2012 **for the purpose of providing guarantee in respect of low income housing loans**. On the issue of assignment of appropriate risk weight for loans guaranteed by CRGFTLIH and prescription of requisite provisioning norms for such loans on the lines of credit facilities guaranteed by Credit Guarantee Fund Trust for Micro and Small Enterprises, it has been decided as under:

i) Risk weight

NBFC-MFIs may assign zero risk weight for the guaranteed portion. The balance outstanding in excess of the guaranteed portion would attract a risk-weight as per extant guidelines.

ii) Provisioning

In case the advance covered by CRGFTLIH guarantee becomes non-performing, no provision need be made towards the guaranteed portion. The amount outstanding in excess of the guaranteed portion should be provided for as per the extant guidelines on provisioning for non-performing advances.

Also please find enclosed the amending Notifications of date for meticulous compliance.

Yours faithfully,

(N.S.Vishwanathan)
Principal Chief General Manager

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

Notification No.DNBS.267 / PCGM (NSV)-2014 January 1, 2014

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 (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (hereinafter referred to as the said Directions) contained in Notification No.DNBS.193/DG(VL)-2007 dated February 22, 2007, 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 paragraph 9 under sub-heading “Notes” after paragraph (6) the following paragraph (7) shall be inserted :-

7. In case of NBFC-MFIs, if the advance covered by **Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)** guarantee becomes non-performing, no provision need be made towards the guaranteed portion. The amount outstanding in excess of the guaranteed portion should be provided for as per the extant guidelines on provisioning for non-performing advances.

(2) In sub-paragraph (2) of paragraph 16 under sub-heading “Notes” after paragraph (4) the following paragraph (5) shall be inserted : -

5. **For loans guaranteed by Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)** NBFC-MFIs may assign zero risk weight for the guaranteed portion. The balance outstanding in excess of the guaranteed portion would attract a risk-weight as per extant guidelines.

(N.S. Vishwanathan)
Principal Chief General Manager

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7. In case of NBFC-MFIs, if the advance covered by **Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH)** guarantee becomes non-performing, no provision need be made towards the guaranteed portion. The amount outstanding in excess of the guaranteed portion should be provided for as per the extant guidelines on provisioning for non-performing advances.

(2) In sub-paragraph (2) of paragraph 16 under sub-heading “Notes” after paragraph (4) the following paragraph (5) shall be inserted :-

(5)For loans guaranteed by Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) NBFC-MFIs may assign zero risk weight for the guaranteed portion. The balance outstanding in excess of the guaranteed portion would attract a risk-weight as per extant guidelines.

(N.S. Vishwanathan)
Principal Chief General Manager