

**NBFC-Infrastructure Finance Companies**

(Updated as on October 10, 2023)

Q.1. What is an NBFC-Infrastructure Finance Company (NBFC-IFC)?

Ans. An NBFC-IFC is a non-deposit taking NBFC which has a minimum of 75% of its total assets deployed towards infrastructure lending. For this purpose, the term 'infrastructure lending' means a credit facility extended by an NBFC to a borrower, by way of term loan, project loan subscription to bonds/ debentures/ preference shares/ equity shares in a project company acquired as a part of the project finance package such that subscription amount to be "in the nature of advance" or any other form of long term funded facility for exposure in the infrastructure sub-sectors as notified by the Department of Economic Affairs, Ministry of Finance, Government of India, from time to time.

Q.2. What are the exposure limits for NBFC-IFCs?

Ans. Under scale-based regulations (SBR) for NBFCs, an NBFC-IFC can be in the middle layer or the upper layer (and not in the base layer), as the case may be. Depending on the layer under which an NBFC-IFC is placed, the exposure limits are given below:

	Exposure limits for the NBFC-IFCs in the middle layer (as a % of Tier 1 capital)	Exposure limits for NBFC-IFCs in the upper layer as per large exposure framework (as % of eligible capital base)
Single borrower	30%	25% (additional 5% with Board approval)
Single group of borrowers	50%	35%

Q.3. What is the prescribed risk weight for calculating the regulatory capital corresponding to the assets covering public private partnership (PPP) and post commercial operations date (COD) infrastructure projects in existence over a year of commercial operations?

Ans: 50%

Q.4. Can NBFC-IFCs lend to/ invest in infrastructure investment trusts (InvITs) and other trust funds?

Ans. NBFC-IFCs can lend to/ invest in InvITs subject to adherence to applicable regulatory guidelines including exposure norms applicable to them. NBFC-IFCs can also lend to/ invest in other trust funds subject to compliance with the criterion of deployment of minimum 75% of total assets towards infrastructure lending and other applicable regulations.