



N. A. SHAH ADVISORS LLP

# BULLETIN

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FOREIGN EXCHANGE LAWS BULLETIN – DECEMBER 2023



## **EXECUTIVE SUMMARY**

- ◆ RBI has increased the risk weights towards (i) consumer credit provided by Scheduled Commercial Banks (SCBs) / Non-Banking Finance Company (NBFCs) and (ii) bank credit to NBFCs other than HFC/ NBFC categorised as priority lending.
- ◆ The reporting frequency for Fund Management Entities (FMEs) in International Financial Services Centres (IFSCs) has been changed from half-yearly to quarterly.


## REGULATORY MEASURES TOWARDS CONSUMER CREDIT AND BANK CREDIT TO NBFCs

- ◆ **Consumer credit exposure:** RBI has increased the risk weights in respect of consumer credit exposure of commercial banks, NBFCs in the below manner:

Exposure	Remarks	Old risk weights	Revised risk weights
<b>Consumer credit:</b>			
SCBs and NBFCs	Exposure shall include personal / retails loans but exclude housing loans, education loans, vehicle loans, loans secured by gold and gold jewellery and microfinance/SHG loans	100%	125%
<b>Credit card receivables:</b>			
• SCBs	-	125%	150%
• NBFCs	-	100%	125%
<b>Bank Credit:</b>			
SCBs	Exposure to NBFCs (Loans to HFCs and NBFCs which are classified as priority sector shall be excluded)	Based on external rating having risk < 100%	25% over and above external ratings

## REVISION IN REPORTING FREQUENCY FOR FMEs IN IFSC

- ◆ The reporting frequency of the following reports to be provided by FMEs in IFSC has been changed from half yearly to quarterly:
  - Quantitative information about the fund management operations of the FME
  - Compliance Report



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B41-45, Paragon Centre,  
Pandurang Budhkar Marg, Mumbai – 400013  
Tel: 91-022-4073 3014  
E-mail Id: [info@nashahadvisors.com](mailto:info@nashahadvisors.com)