

PRESS RELEASE

Special Liquidity Scheme for NBFCs and HFCs

With a view to improving the liquidity position of NBFCs as well as HFCs, the Hon'ble Finance Minister had announced on 13th March 2020, launch of a Special Liquidity Scheme of Rs. 30,000 Cores. RBI will provide funds for the Scheme by subscribing to government guaranteed special securities issued by the Trust. The total amount of such securities issued outstanding shall not exceed Rs. 30,000 crores at any point of time. Government of India will provide an unconditional and irrevocable guarantee to the special securities issued by the Trust. The Scheme is being launched on July 1, 2020 through a Special Purpose Vehicle in the form of SLS Trust set up by SBI Capital Markets Limited (SBICAP).

Any NBFC including Microfinance Institutions registered with RBI under the Reserve Bank of India Act, 1934 (excluding those registered as Core Investment Companies) and any HFC registered with the National Housing Bank (NHB) under the National Housing Bank Act, 1987 which is complying with the following broad conditions will be eligible to raise funding from the said facility:

- a. Compliance with RBI regulations on Capital adequacy
- b. Net NPA is less than 6% as on 31.03.2019
- c. Net profit in at least one of the two preceding financial years
- d. Rated as investment grade by a rating agency
- e. Is not reported under SMA-1 or SMA-2 category by any bank for their borrowing during the period one year prior to 01.08.2018

The Scheme will remain open for 3 months for making subscriptions by the Trust. The period of lending (CPs/NCDs of NBFCs/HFCs for short duration of upto 90 days) by the Trust

shall be for a period of upto 90 days. The financing would be used by the NFBCs/HFCs only to repay existing liabilities and not to expand assets. Further, those market participants who are looking to exit their standard investments with a residual maturity of 90 days may also approach the SLS Trust.

This facility is a part of the Government of India and RBI's efforts to alleviate the concerns of the market participants on the availability of funds to the sector. Those wishing to avail liquidity under the Scheme can apply at info@slstrust.in. Details of the scheme can be viewed on the website of SBI Capital Markets. A circular of RBI on the Special Liquidity Scheme for NBFCS/HFCs dated July 1, 2020 is enclosed.

Government of India
Ministry of Finance
Department of Economic Affairs
FS&CS Division

Dated, the 1st July, 2020



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

RBI/2020-21/01

DoR (NBFC) (PD) CC.No. 113/03.10.001/2020-21

July 01, 2020

All NBFCs/HFCs

Madam/Dear Sir,

Special liquidity scheme for NBFCs/HFCs

The Government of India has approved a scheme to improve the liquidity position of NBFCs/HFCs through a Special Purpose Vehicle (SPV) to avoid any potential systemic risks to the financial sector. To be eligible under the Scheme, the following conditions should be met:

- NBFCs including Microfinance Institutions that are registered with the RBI under the Reserve Bank of India Act, 1934, excluding those registered as Core Investment Companies;
- Housing Finance Companies that are registered under the National Housing Bank Act, 1987;
- CRAR/CAR of NBFCs/HFCs should not be below the regulatory minimum, i.e., 15% and 12% respectively as on March 31, 2019;
- The net non-performing assets should not be more than 6% as on March 31, 2019;
- They should have made net profit in at least one of the last two preceding financial years (i.e. 2017-18 and 2018-19);
- They should not have been reported under SMA-1 or SMA-2 category by any bank for their borrowings during last one year prior to August 01, 2018;
- They should be rated investment grade by a SEBI registered rating agency;
- They should comply with the requirement of the SPV for an appropriate level of collateral from the entity, which, however, would be optional and to be decided by the SPV.

2. As per the Government decision, SBICAP which is a subsidiary of the State Bank of India has set up a SPV (SLS Trust) to manage this operation. The SPV will purchase the short-term papers from eligible NBFCs/HFCs, who shall utilise the proceeds under this scheme solely for the purpose of extinguishing existing liabilities. The instruments will be CPs and NCDs with a residual maturity of not more than three months and rated as investment grade. The facility will not be available for any paper issued after September 30, 2020 and the SPV would cease to make fresh purchases after September 30, 2020 and would recover all dues by December 31, 2020; or as may be modified subsequently under the scheme.

वित्तियमन विभाग (नैर-बैंकिंग वित्तीय कंपनियों), केंद्रीय कार्यालय, 2री मंज़िल, मुख्य कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400 001

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Department of Regulation (Non-Banking Financial Companies), Central Office, 2nd Floor, Main Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001

Tel No:+91-22-22709038, Email :helpdnbr@rbi.org.in

हिंदी आसान है इसका प्रयोग बढ़ाइए

3. NBFCs/HFCs, in order to avail the facility, may approach the Trust at the following address:

SLS Trust, Apeejay House, 6th Floor, 3, Dinshaw Wachha Road, Churchgate Mumbai 400020. Email Id: info@slstrust.in

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

त्रिनियमन विभाग (नैर-बैंकिंग वित्तीय कंपनियों), केंद्रीय कार्यालय, 2री मंज़िल, मुख्य कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400 001
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