

# NBFC relief plea before RBI

## OUR BUREAU

**Calcutta:** Members of industry association Assocham met RBI governor Shaktikanta Das on Friday and proposed liquidity relief measures for non-banking financial companies (NBFCs) and housing finance companies (HFCs).

The delegation was led by Assocham's past president Sunil Kanoria and secretary general Uday Kumar Varma. The other members of the delegation included Kapil Wadhwan, chairman and managing director of Dewan Housing Finance Corporation; Mahesh Thakkar, director general of Finance Industry Development Council; and Sanjay Chamria, managing director of Magna Fincorp.

The delegation, which met the governor in New Delhi, told him that over-regulation was hampering the growth of the NBFC model of lending.

"We reiterated our concern that while

## THE WISH LIST

### What NBFCs and HFCs want

- Lower minimum holding period to three months from six months for loans with maturity of two-five years.
- Access refinance facility of National Housing Finance
- Raise cap on mutual funds investment in NBFCs to 35% and another 15% for housing finance companies

the asset side of NBFCs is subject to regulation which has been harmonised with banks, the liability side, that is, the fund raising activity still remains highly restricted, thereby creating a liquidity crunch for the sector," said Kanoria, who is vice-chairman of Srei Infrastructure Finance Limited.

The delegation requested the gover-

nor to reduce the minimum holding period to three months for loans having maturity of two-five years.

In November 2018, the RBI allowed NBFCs to securitise loans of more than five-year maturity after holding them for six months on their books which earlier had to be held for a year.

The delegation also requested the RBI governor that housing finance companies should be allowed to access the refinance facility of National Housing Finance. It further said the sectoral cap on mutual funds investing in NBFCs be enhanced to 35 per cent and an additional 15 per cent in the case of housing finance companies.

"Life insurance companies have a limit of 25 per cent to BFSI portfolio, including equity exposures; this may be increased, and government securities exposure limit may be reduced from 50 per cent in line with the trend in the economy," the delegation suggested