Annex

Statement on the feedback received on [Draft Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Amendment Directions, 2025]

The Reserve Bank had, on October 24, 2025, issued the draft Amendment Directions pertaining to the risk weighting framework for infrastructure exposures of Non-Banking Financial Companies (NBFCs). Major feedback received and the comments thereon are summarised below.

1. **Para 3 (i) prescribes criteria for high-quality infrastructure projects**

(1) Feedback: Stakeholders have suggested to enhance the scope of the eligible counterparties to include projects where: (i) the main counterparty is State Government or better rated private entities; and (ii) the cash flows are from users of the project and not from any single counterparty (e.g., BOT/TOT road projects, airports, etc.).

RBI comments: Partially Accepted. The conditions for high quality infrastructure projects have been suitably revised to include projects where revenue depends on rights granted under concession/ contract granted by the Central / State Government, PSE or a statutory or regulatory body.

(2) Feedback: Provide objective criteria for certain terms used while defining high quality infrastructure projects, such as 'satisfactory operations' post COD and 'sufficient internal or external financial arrangements' for future working capital needs.

RBI comments: Partially Accepted. These are broad principles and it may not be possible to provide objective criteria in such cases as it would become too prescriptive. However, in order to avoid any ambiguity, the condition of 'satisfactory operations' has been substituted with operations without breach of any material covenants stipulated by lenders'.

(3) Feedback: The requirement relating to protection of interest of the creditors in case of early termination may not be fulfilled in certain projects, particularly those not involving a central authority.

RBI comments: Not Accepted. Termination protection is a critical clause for protecting lenders' interests in infrastructure projects. In any case, the nature of risk mitigation in case of termination for various types of projects has not been specified, leaving scope for adequate flexibility, and only illustrative examples have been mentioned for clarity.

2. **Para 3 (ii) prescribes the repayment threshold for assigning lower risk weights for exposures to high-quality infrastructure projects**

(1) **Feedback:** The stakeholders have submitted diverse comments: a few have agreed to the repayment-based threshold *albeit* at a relaxed level, whereas some have suggested for removal of the threshold.

RBI comments: Partially Accepted. Repayments are a critical metric to demonstrate credible reduction in risk profile of a project. Therefore, the suggestion to remove the thresholds has not been accepted. However, the thresholds have been considerably relaxed – while the repayment threshold for assigning 75% risk weight has been reduced from 5% to 2%, the threshold for assigning 50% risk weight has been reduced from 10% to 5%.

(2) **Feedback:** Clarification sought on repayment thresholds in case of refinancing or takeout transactions, including those involving sanction of additional debt to the project.

RBI comments: Clarified. It has been clarified that the repayment thresholds in case of refinancing or takeout transactions shall be with reference to the original sanctioned project debt. However, if it involves sanction of additional debt, the same shall also be clubbed with the original sanctioned debt to determine the repayment threshold.

3. **Para 4 prescribes that the Amendment Directions shall come into force from April 1, 2026, or from an earlier date when adopted by a NBFC in entirety.**

(1) **Feedback:** The draft framework provides no transition arrangements for existing portfolios, committed sanctions, or multi-tranche facilities.

RBI comments: Accepted. For a majority of existing exposures, the impact is expected to be either neutral or beneficial. However, in order to address the issue flagged that may arise in a few cases, a discretion has been provided to lenders to apply the revised risk weights after the date of next review or March 31, 2027, whichever is earlier.

4. Other comments

(1) Feedback: Certain comments and suggestions were also received on other aspects not covered in the draft amendment Direction, such as adopting an external credit rating-based risk-weight framework for infrastructure exposures of NBFCs in alignment with those applicable for banks/ AIFIs; and extending the benefits to even construction-phase assets.

RBI comments: Not Accepted. These have not been considered as these are outside the scope of the draft amendments.

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