

# RBI makes it easier for NBFCs to sell their loans

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**Mumbai:** In a move to improve liquidity for non-banking finance companies (NBFCs), the RBI on Thursday relaxed guidelines on securitisation transactions. Finance companies can now sell their long-term loans after receipt of six monthly instalments, or two quarterly instalments, subject to the lender retaining 20% of the book value of the loans being securitised.

The special dispensation will be applicable to securitisation/assignment transactions carried out during a period of six months from November 29. Securitisation of debt refers to the process whereby a lender transfers a pool

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of loans that it has advanced to a trust, which finances the purchase by issuing securities to investors.

“Relaxation in minimum holding period criteria would primarily benefit housing finance companies and NBFCs offering mortgage loans where the loan tenure is typically more than five years. A greater proportion of their loan book would now become eligible for securitisation. Accordingly, these entities can raise more funds through the securitisation route, which will provide them with additional liquidity,” said Icra group head (structured finance) Vibhor Mittal.

The relaxation comes ahead of the RBI’s next board meeting on December 14 when it is expected to take up issues related to improving liquidity for NBFCs.