

Draft infra lending norms put NBFCs in a fix

KSHIPRA PETKAR
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THE RESERVE BANK of India's draft guidelines for risk weights in infrastructure lending have put non-banking financial companies (NBFCs) in a fix. Most believe that the proposed framework is more complicated than current rules and could be difficult to implement.

The draft introduces a split risk weight structure of 50% and 75% for high-quality infrastructure projects, replacing the existing flat 50% applicable to commissioned projects with over one year of commercial operations. Lenders say the new criteria —



based on repayment levels and other conditions — add layers of complexity which are not present in the current framework. The guidelines will come into effect from April 1.

Power Finance Corporation said it is reviewing the draft's impact across its loan book, which spans generation, transmission, and distribution.

A majority of market participants believe that the proposed framework is more complicated than current rules and could be difficult to implement



“Unlike the current simplified framework, this draft introduces a more detailed approach to classify projects as high-quality infrastructure assets,” Parminder Chopra, chairman and MD, said in the analyst call.

“The draft is restrictive and confusing in terms of implementation. We’ll be suggesting the RBI adopts a bank-like

model that links provisioning to credit ratings,” Virender Pandey, MD of Aseem Infrastructure Finance, said.

The Finance Industry Development Council is gathering feedback from its members before making a formal representation. “We are discussing it internally and will take it up collectively,” a senior official said.

Analysts say the RBI’s move is timely and aligns with broader policy goals of improving the credit flow to infrastructure. “The shift from the earlier PPP/post-COD (commercial operation date) requirement to a more nuanced classification based

on financial soundness, cash flow visibility and counterparty risk are positive steps,” said AM Karthik, senior vice president and co-group head, financial sector ratings at ICRA. “It should especially benefit renewable energy projects, which typically have shorter gestation periods.”

However, Karthik noted that while lowering of risk weights improves capital buffers, most infrastructure finance companies (IFCs) already maintain adequate capitalisation. “Growth in this segment has remained moderate at 10–12%, so the real impact on lending appetite remains to be seen,” he said.