



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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DBR.No.BP.5609/21.06.001/2016-17

November 17, 2016

The Chief Executive Officer
National Credit Guarantee Trustee Company Ltd.
MSME Development Centre
C-11, G-Block, BLC, Bandra (E)
Mumbai – 400 051

Dear Sir,

Risk weights for Advances guaranteed by various schemes

Please refer to your letters, Ref:0014/NCGTC/RBI Corrsp-31/1 dated May 6, 2016, Ref:0015/NCGTC/RBI Corrsp-31/1 dated May 6, 2016, Ref:0019/NCGTC/RBI Corrsp-31/1 dated May 11, 2016 and Ref:0238/RBI Correspondence[NCGTC] dated January 14, 2016, requesting RBI to assign "Zero" risk weight to the guaranteed portion of the micro loans extended by various schemes such as Credit Guarantee Scheme for Stand Up India (CGSSI), Credit Guarantee Fund Scheme for Factoring (CGFSF), Credit Guarantee Scheme for Micro Units (CGSMU) and Credit Guarantee Fund Scheme for Skill Development (CGFSSD) respectively.

2. In this connection, it is advised that as per para 5.2.1 of the Master Circular, DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on Basel III Capital Regulations, Central Government guaranteed claims will attract a zero risk weight. Accordingly, if the individual schemes under NCGTC are backed by explicit central government guarantee, the risk weight of "zero" percent would be applicable.

3. Incidentally, it may be noted that the draft regulations and disclosure standards with respect to the individual schemes and/or NCGTC has been forwarded to the Government of India (GOI) for their consideration.

Yours faithfully,


(Usha Janakiraman)
General Manager

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