



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



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DOR.LRG.REC.62/03.10.001/2023-24

December 29, 2023

Madam / Dear Sir,

**Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR) – Review of National Development Banks**

Please refer to [circular DBR.BP.BC.No.106/21.04.098/2017-18 dated May 17, 2018](#) on Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR) – Final Guidelines.

2. NABARD, NHB and SIDBI are considered as National Development Banks (NDBs) under the extant NSFR framework. On a review, it has been decided that the other All India Financial Institutions (AIFIs) i.e. EXIM Bank and National Bank for Financing Infrastructure and Development (NaBFID) shall also be considered as NDBs for NSFR computation.

3. Further, unencumbered loans to NDBs with a residual maturity of one year or more that would qualify for a 35 per cent or lower risk weight under the Standardised Approach for credit risk<sup>1</sup> shall be assigned a Required Stable Funding (RSF) factor of 65 per cent (as against 100 per cent currently).

4. Accordingly, the select instructions have been amended as detailed in [Annex](#).

**Applicability**

5. This circular is applicable to all Scheduled Commercial Banks (excluding Payments Banks and Regional Rural Banks).

6. These instructions shall come into force with immediate effect.

Yours faithfully

(R. Lakshmi Kanth Rao)  
Chief General Manager-in-Charge

<sup>1</sup> Standardised Approach for Credit Risk as per the [Master Circular on Basel III Capital Regulations dated May 12, 2023](#) as amended from time to time

## Annex

[Circular DBR.BP.BC.No.106/21.04.098/2017-18 dated May 17, 2018](#) on Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR) – Final Guidelines

Sr. No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	7.5 (c)	funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral and national development banks (NABARD, NHB & SIDBI); and	funding with residual maturity of less than one year from sovereigns, public sector entities (PSEs), and multilateral and national development banks ( <a href="#">EXIM Bank</a> , NABARD, <a href="#">NaBFID</a> , NHB and SIDBI); and
2	9.6 (e)	all other non-HQLA not included in the above categories that have a residual maturity of less than one year, including loans to non-financial corporate clients, loans to retail customers (i.e. natural persons) and small business customers, and loans to sovereigns, PSEs and national development banks (NABARD, NHB & SIDBI).	all other non-HQLA not included in the above categories that have a residual maturity of less than one year, including loans to non-financial corporate clients, loans to retail customers (i.e. natural persons) and small business customers, and loans to sovereigns, PSEs and national development banks ( <a href="#">EXIM Bank</a> , NABARD, <a href="#">NaBFID</a> , NHB and SIDBI).
3	9.7 (b)	other unencumbered loans not included in the above categories (including loans to sovereigns and PSEs with a residual maturity of one year or more), excluding loans to financial institutions, with a residual maturity of one year or more that would qualify for a 35% or lower risk weight under the Basel II Standardised Approach for credit risk.	other unencumbered loans not included in the above categories (including loans to sovereigns, <del>and</del> PSEs and national development banks { <a href="#">EXIM Bank</a> , NABARD, <a href="#">NaBFID</a> , NHB and SIDBI}) with a residual maturity of one year or more), excluding loans to financial institutions, with a residual maturity of one year or more that would qualify for a 35% or lower risk weight under the <del>Basel II</del> Standardised Approach for credit risk, as per the <a href="#">Master Circular on Basel III Capital Regulations dated May 12, 2023</a> as amended from time to time.