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# RBI lays down norms on loan system for large borrowers

BY PTI | DEC 05, 2018, 10.14 PM IST

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MUMBAI: The Reserve Bank Wednesday came out with guidelines for enhancing credit discipline among [large borrowers](#).

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In respect of borrowers having aggregate fund based working capital limit of Rs 150 crore and above, a minimum level of 'loan component' of 40 per cent will be effective from April 1, 2019, said the guidelines.

"Accordingly, for such borrowers, the outstanding 'loan component' (working capital loan) must be equal to at least 40 per cent of the sanctioned fund-based working capital limit..." it said.

Drawings in excess of the [minimum loan component](#) threshold may be allowed in the form of cash credit facility, the [RBI](#) added.

The guidelines further said the amount and tenor of the loan component may be fixed by banks in consultation with the borrowers, subject to the tenor being not less than seven days.

The guidelines, the RBI said, will be effective from April 1, 2019, covering both existing as well as new relationships.

The 40 per cent loan component will be revised to 60 per cent, with effect from July 1, 2019.

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