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Nifty **CLOSED**
11,844.10 187.05



NSE Gainer-Large Cap >

BEL
111.80 9.15



Precious Metal >

Gold (MCX) (Rs/10g.)
31,534.00 -133.00



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Market Watch

RBI plans liquidity buffer at shadow banks to aid stressed sector

BY REUTERS | UPDATED: MAY 24, 2019, 08.28 PM IST

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The Reserve Bank of India (RBI) on Friday proposed introducing a liquidity coverage ratio (LCR) for large non-banking finance companies (NBFC) to help tackle liquidity problems in the sector.

The central bank said it planned to implement LCR, a liquidity buffer, "in a calibrated manner" over four years starting from April 2020.

The LCR is proposed for all deposit taking NBFCs, and non-deposit taking NBFCs with an asset size of 50 billion rupees (\$720 million) and above.

NBFCs will have to maintain minimum high quality liquid assets of 100% of total net cash outflows over the following 30 calendar days.

Sources told Reuters this week that the central bank was concerned about liquidity issues facing some of the so-called shadow banks such as mortgage or auto lenders and wants to ensure the problems do not become a systemic issue.

The collapse of the Infrastructure Leasing and Financial Services (IL&FS) last year triggered a series a defaults across the shadow banking sector, as borrowing costs for the sector surged.

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RBI issues notification on NBFC liquidity framework

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