



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



RBI/2024-25/62

DOR.CRE.REC.33/08.12.001/2024-25

August 12, 2024

Housing Finance Companies

Madam/ Dear Sir,

Review of Risk Weights for Housing Finance Companies (HFCs)

Please refer to [Master Direction – Non-Banking Financial Company – Housing Finance Company \(Reserve Bank\) Directions, 2021 dated February 17, 2021](#), as updated from time to time. On a review, it has been decided to carry out the following modifications:

- (i) **Risk weighted assets for undisbursed amount of housing loans/other loans –**
In order to address a potential anomaly in computation of risk weighted assets for undisbursed amount of housing loans/other loans vis-à-vis that for an equivalent disbursed amount of similar exposures, it has been decided that the risk weighted assets computed for undisbursed amount of housing loans/other loans as per step 1 and step 2 of paragraph 6.3.1 of the Master Direction *ibid*, shall be capped at the risk weighted asset computed on a **notional basis** for equivalent amount of disbursed loan.
- (ii) **Risk weight for Commercial Real Estate – Residential Building –** With reference to Sr. No. 3(d)(i)(a) under paragraph 6.2, the risk weight of fund-based and non-fund based exposures to 'Commercial Real Estate-Residential Building', which are classified **as standard**, shall be 75 per cent. For exposures under this

विनियमन विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, 12वीं/ 13वीं मंज़िल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001

टेलीफोन/ Tel No: 22661602, 22601000 फैक्स/ Fax No: 022-2270 5691

Department of Regulation, Central Office, Central Office Building, 12th/ 13th Floor, Shahid Bhagat Singh Marg, Fort, Mumbai – 400001

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category, which are **not classified as standard**, the risk weight shall be as per the category 'Other Assets (Others)' as indicated at Sr. No. 6(d) of paragraph 6.2 of the Master Direction *ibid* (which presently is at 100 per cent).

2. The above instructions shall be applicable from the date of issue of this circular. All other instructions of the Master Direction *ibid* remain unchanged.

Yours faithfully,

(Vaibhav Chaturvedi)
Chief General Manager