Revised co-lending norms to boost NBFC growth: Crisil

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The revised co-lending guidelines of the Reserve Bank of India (RBI) are expected to increase growth opportunities for non-banking finance companies, rating agency Crisil said.

It also said that the new norms will expand regulatory oversight of the segment by extending the arrangements to all regulated entities and to all forms of loans, "The revised directions will increase growth opportunities for NBFCs over the long term because their applicability extends to such arrangements between all REs and all forms of loans, whether secured or unsecured," Malvika Bhotika, director, Crisil Ratings.

"Further, the directions require each regulated entities (RE) to retain a minimum 10 per cent share of the loans in their books, compared with a minimum 20 per cent exposure requirement for NBFCs currently, which should particularly benefit mid-and-smaller NBFCs that face higher funding constraints," she added.

The co-lending assets under management of NBFCs have seen healthy traction over the past few years and are estimated to have crossed ₹1.1 trillion as of March 31, 2025, said the ratings agency. The revised guidelines introduce an important change by allowing originating REs to provide Direct Lending Guarantees (DLG) of up to 5 per cent of loans across all forms of lending, as opposed to the current restriction to digital lending. This move is expected to enhance risk and reward sharing among co-lending partners.