

RBI's final norms on project loans likely in 2-3 months

The final project loan guidelines are likely to be announced in the next two to three months, a senior Reserve Bank of India (RBI) official said on Thursday. The norms regarding the Expected Credit Loss (ECL)-based provisioning are in an advanced stage of discussion, the official told reporters in Mumbai.

The RBI has proposed to set aside 5 per cent of the total exposure to a project till the construction of the project is on. Fearing a hit to profits, banks have been asking for a relook into it, according to reports. The RBI official said up to 60 responses have been received on the project loans draft, and the central bank is going through all the sugges-

tions. When asked about the timelines by when the final guidelines will come in, the official said it will take "at least 2-3 months", but did not give a specific answer on whether the guidelines will be implemented from April 1 next year onwards. To a question on the ECL framework, the official said the norms are in the "advance stages" of discussion.

The official admitted that there is an "overlap" on both the ECL and project finance norms, but seemed non-committal on whether both the guidelines will come in together.

These are two concurrent streams running together, the official said, assuring that the intent of the RBI is to be non-disruptive.