Reserve Bank Of India (Non-Banking Financial Companies – Prudential Norms On Capital Adequacy) Third Amendment Directions, 2026

RBI has issued the Non-Banking Financial Companies – Prudential Norms on Capital Adequacy Third Amendment Directions, 2026**,** effective June 16, 2026. The amendment aligns RBI's prudential framework with the Government's Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 ('the Scheme') enabling NBFCs to receive capital relief on eligible guaranteed loans. The amendment introduces a 0% risk weight for a specified portion of ECLGS 5.0 guaranteed exposures, thereby reducing the capital requirement for NBFCs while continuing to apply existing prudential norms to the remaining exposure. Similar amendments are introduced for Small Finance Banks, Regional Rural Banks, Urban Co-operative Banks, All India Financial Institutions, and Commercial Banks.

The 2026 amendment supports the implementation of ECLGS 5.0 by providing regulatory capital relief to NBFCs. Eligible guaranteed exposures under the Scheme will attract a 0% risk weight for the covered portion, helping NBFCs improve capital efficiency while extending credit under the Government-backed guarantee program.

Key Changes:

- Introduces a 0% risk weight for the eligible guaranteed portion of ECLGS 5.0 exposures.
- The concession applies only to 75% of the guaranteed portion where settlement is expected within 30 days of guarantee invocation.
- Any exposure not covered by this concession will continue to attract the existing prudential risk weight**.**

The amendment reduces capital requirements for NBFCs participating in ECLGS 5.0, encouraging continued lending under the Government's credit guarantee scheme.

Kindly refer the link for the further details **-** [Notifications - Reserve Bank of India]