RBI GUIDELINES ON DEFAULT LOSS GUARANTEE

*Anita Baid in conversation with Vinod Kothari - **05:00 P.M. | 20th JUNE | Live on*** ▶ YouTube

The recent recognition of the First Loss Default Guarantee concept through the Reserve Bank of India's Guidelines on Default Loss Guarantee (DLG) in Digital Lending has provided much-needed relief to the fintech industry. However, it is important to note that certain conditions accompany this recognition, and the following are some of them:

1. There is a maximum cap of 5% on the amount of guarantee that can be provided against any pool of loans;

2. The guarantee can be accepted only in the specified forms and modes;

3. In order to provide a guarantee, the guarantor must be an LSP

4. Any portfolio performance-related support which implicitly serves the same purpose as a guarantee is also covered under the guidelines.

In this series, our objective is to foster in-depth discussions and thoughtful deliberations on the Guidelines on DLG.

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