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**ROYAL MONETARY AUTHORITY OF BHUTAN**

RMA/FRSD/2/2013-2014/ 0597

August 13, 2013

Chief Executive Officer(s)  
All FIs  
Thimphu

Subject- **Directive on the Sectoral Classification and Risk Weighted Assets**

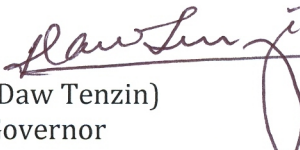
Sir,

This is in continuation to our directive No. RMA/FRSD/03/2013/4090 dated 13<sup>th</sup> May, 2013 with regard to the above cited subject. In this regard, as per the consensus arrived with the FIs during the meeting on Sectoral Classification and Risk Weighted Assets convened at RMA on 13<sup>th</sup> August, 2013. RMA hereby issues the attached directive on the revised format for Sectoral Classification with new Risk Weights assigned to each sector.

Please note that the risk weights assigned to each sector shall be reviewed after 6 months from the date of compliance and revised accordingly as per the performance of the financial institutions. Further, with regard to the sector exposures above 20%, further 50% risk weight shall apply for the additional exposure.

Please note that the revised directives shall be effective from 1<sup>st</sup> December, 2013 for compliance. You are therefore required to plan accordingly to ensure compliance with the directive.

Yours Sincerely,

  
(Daw Tenzin)  
Governor

Cc: Compliance Officer, All FI(s) for necessary action and information.

# Directive on the Sectoral Classification and Risk Weighted Assets

Sector	Sub-sector	Sectoral Classification (Activities)	Risk Weight	Remarks
AGRICULTURE	Crops cultivation (including cash crop)	Growing of crops, nursery cultivation, Support activities for crop production, post-harvest crop activities, etc	50%	TBR in six months(june 2014)
	Livestock production	Livestock farming, Dairy product, Poultry, Piggery, Fishery etc		
	Forestry	Forestry, logging and related activities		
	Machineries/Equipments	Machineries and equipments related to farming		
	EDP	EDP related to agriculture		
	Others	Others related to Agriculture and farming		
MANUFACTURING/ INDUSTRY	Sawmill	Sawmill and related activities	100%	Concentrate more on value addition companies
	Mining and quarrying	Mining and quarrying of coal, stones, minerals etc		
	Manufacturing	Anything which is related to manufacturing of products		
	Electricity, gas and water	Hydro power, mini hydro power and energy related production activities		
	EDP	EDP related to manufacturing and industry		
	MSME	Traditional products like Incense factory, weaving, handicraft etc.		
	Export Packaging Credit	Related to manufacturing and industry		
SERVICES	Others	Others related to Manufacturing and Industry	150%	TBR in six months(june 2014)
	Hotel and restaurant	Setting up of hotels and restaurant		
	Construction	Construction and renovation of hotels/resort/restaurant/serviced apartments		
	ICT	Broadcasting, publications, communication & communication hardware, internet technologies etc		
	Consultancy services			
	Hospitality, Entertainment & Recreational services	Movie production, Travel agents, recreational parks etc		
	Institutional services	Both construction and setting up		
	EDP	EDP related to services		
	MSME	MSME activities related to services		
TRADE/COMMERCE	Wholesale and retail trade (import and export)	Dealers in vehicle, wholesale trade in goods, grocery items, machineries, meat, fish, fruits and vegetables etc	100%	
	Licensed Hiring units	Rental of machineries and equipments		
	Export Packaging credit			
	Machineries and equipments	Excavator and other machineries		
	Loans to contractors and suppliers against the supply			
	Others	Others activities related to buying and selling		
HOUSING	Home loans	Purchase/construction/renovation of flats, house (including rural housing) for personal consumption	150%	TBR in six months(june 2014)
	Commercial loans	Real estate, malls, rentals, purchase of flats, personal constructions (including rural housing) for rent		
TRANSPORT	Commercial	Public transport: Taxis, buses, tourist transportation, trucks, vehicles for hire, airlines etc)	150%	TBR in six months(june 2014)
	Non-commercial	For personal use only		
LOANS TO PURCHASE SECURITIES	Loan to purchase securities	Purchase of securities of related parties will not be included under this sector	100%	
PERSONAL LOAN	Mortgage loan	Collateral based loan except for purchase of land	300%	TBR in six months(june 2014)
	Consumption loans	Holidays, purchase of consumer durable goods, etc		
	Medical loan	Bereavement loan, medical loan excluding referred cases		
	Clean loan	Unsecured loans purely based on a client's credit history		
	Credit Card			
	Loans against jewellery			
	LAS	Pledging of shares for loans		
	Others	Purely unproductive and consumption based		
EDUCATION LOAN	Student loan	Education loan inside Bhutan	100%	
		Education loan outside Bhutan		
LOAN AGAINST TERM DEPOSITS	loan against term deposits		0%	
LOANS TO FI(s)	Banks		100%	
	Non-banks			
INFRASTRUCTURE LOAN	As defined in Annexure II of the PR 2002 (attached)		100%	
STAFF LOAN (incentive)	Vehicle loan		50%	
	Housing loan			
	Festival loan			
	Soft loan	To purchase IT related equipments		
	Establishment loan			
	OD facilities			
	Others			
LOANS TO GOVT. OWNED CORPORATIONS			20%	
CONSUMER LOANS (GE)	Cosumer loans	Salary & Post retirement based	50%	