प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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September 29, 2025

RBI Issues Amendment Directions/Circulars

The Reserve Bank of India (RBI) has today issued seven Directions/Circulars, proposing to amend some of the extant Directions/Circulars applicable to banks and other regulated entities. While three of these amendments come into effect immediately (Part A), public comments are solicited on the other four (Part B).

Details of the proposals are given below.

A. Directions which come into force from October 01, 2025

1. Reserve Bank of India (Interest Rate on Advances) (Amendment Directions), 2025

In terms of the extant Reserve Bank of India (Interest Rate on Advances) Directions, 2016 dated March 3, 2016, scheduled commercial banks (SCBs) are required to benchmark all floating rate personal or retail loans (housing, auto, etc.), and floating rate loans extended to MSMEs, to an external benchmark. While banks are free to decide the spread over the external benchmark, other than credit risk premium, all components of the spread can be altered only once in three years. Further, in respect of Equated Monthly Instalments (EMI) based Personal Loans, the Circular on Reset of Floating Interest Rate on EMI based Personal Loans dated August 18, 2023, requires the regulated entities to provide a mandatory option to the borrowers, at the time of reset of interest rates, to switch over to a fixed rate.

Vide the above Amendment Directions, it is proposed to revise the above provisions to benefit the borrowers, while providing greater flexibility to the lenders.

(i) Banks may reduce the other spread components for the benefit of the borrower earlier than three years;

(ii) Banks may, at their discretion, provide the option to switchover to fixed rate at the time of reset at their discretion.

2. Reserve Bank of India (Lending Against Gold and Silver Collateral) - (1st Amendment) Directions, 2025

Banks are generally prohibited from lending for purchase of gold/silver in any form, or lending against the security of primary gold/silver. However, a carve-out has been allowed for scheduled commercial banks (SCBs) for granting working capital loans to jewellers.

Vide the proposed Amendment Directions, it is proposed to:

(i) Extend the carve-out for granting any need-based working capital requirements of a borrower that uses gold as a raw material or input in its manufacturing or industrial processing activities.

(ii) Permit Tier 3 and Tier 4 Urban Co-operative Banks to also grant working capital loans, on the same lines as proposed for SCBs.

The above instructions shall be duly incorporated under the Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025.

3. Reserve Bank of India (Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas) Directions, 2025

The Reserve Bank had issued a circular DOR.CAP.REC.No.56/21.06.201/2021-22 dated October 4, 2021 on "Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas", applicable to Scheduled Commercial Banks (excluding Regional Rural Banks), which specifies the eligible limit for PDIs denominated in foreign currency/rupee denominated bonds overseas. The said instructions have also been incorporated in sub-paragraph (ii) of paragraph 1.16 of Annex 4 to the Master Circular DOR.CAP.REC.2/21.06.201/2025-26 dated April 1, 2025 on "Basel III Capital Regulations".

The Reserve Bank has today released the "Reserve Bank of India (Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas) Directions, 2025", which revises the existing eligible limit applicable to PDIs denominated in foreign currency/rupee denominated bonds overseas, thereby providing greater headroom to banks for augmenting their Tier 1 capital via overseas markets.

B. Directions/Circulars which are being issued as drafts for public feedback

4. Reserve Bank of India (Gold Metal Loans) Directions, 2025

The Gold Metal Loan (GML) scheme was introduced *vide* circular on 'Gold Loan' dated December 31, 1998 to facilitate working capital finance to jewellery exporters in the form of raw gold imported by banks. The scheme has been liberalised over the years by, *inter* alia, allowing banks to extend GML to domestic jewellery manufacturers and also from the gold deposits mobilised under the Gold Monetization Scheme.

With a view to further liberalise the scheme, harmonize the extant regulations applicable across eligible borrower segments in jewellery industry and provide more operational freedom to banks to devise their GML policy, a draft of comprehensive set of Directions on GML is being issued. The draft Directions, apart from making the same more principle-based, cover the following key modifications in the existing GML scheme:

(i) Banks may fix a repayment tenor for GML extended to jewellers other than exporters, subject to a revised ceiling of 270 days (from current 180 days);

(ii) Extant guidelines allow extension of GML to jewellery exporters and domestic jewellery manufacturers. It is proposed to allow GML to domestic non-manufacturers as well, for outsourcing their manufacturing of jewellery.

5. Large Exposures Framework (Amendment Circular), 2025; and Guidelines on Management of Intragroup Transactions and Exposures (Amendment Circular), 2025

Circulars on Large Exposures Framework (LEF) dated June 3, 2019, Large Exposures Framework – Credit Risk Mitigation (CRM) for offsetting – non-centrally cleared derivative transactions of foreign bank branches in India with their Head Office (LEF-CRM) dated September 9, 2021, and Guidelines on Management of Intra-Group Transactions and Exposures (ITE) dated February 11, 2014 prescribe prudential norms on a bank's exposures to its counterparties as also those to its group entities.

The two Amendment Circulars amend the extant norms to clarify certain aspects on prudential treatment of exposures of foreign bank operating as branches in India and aligning some of the prudential norms under LEF and ITE. The key changes include the following:

(i) Exposure of Indian branches of foreign banks to their HO, and branches/subsidiaries of the HO, shall be reckoned only for LEF, and not ITE. Such exposures, where cleared through a central counterparty, shall be considered on a gross basis.

(ii) Funds received from the HO, and kept by the Indian branch of a foreign bank under a special arrangement with RBI as cash/unencumbered approved securities, are treated as CRM for offsetting non-centrally cleared derivative transactions of such branches with their HO. It is proposed to extend the CRM benefit to any exposure of a foreign bank branch to its HO.

(iii) Computation of exposure under ITE is proposed to be made consistent with those under LEF i.e., the benefit of credit conversion factor for deciding credit equivalence of off-balance sheet exposures, and credit risk mitigation technique for offsetting exposures to a counterparty, shall henceforth be permitted for ITE exposures.

(iv) The ITE threshold, which is currently linked to Paid-up Capital and Reserves, is proposed to be linked to Tier-1 capital of banks.

6. **Draft Reserve Bank of India (Credit Information Reporting) (1st Amendment) Directions, 2025**

The Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025 mandates submission of credit information by Credit Institutions (CIs) to Credit Information Companies (CICs) at fortnightly or shorter intervals. Given the increasing reliance of CIs on credit information reports in credit underwriting processes, it is imperative that the credit information reports (CIR) provided by CICs reflect a more recent information. Accordingly, the provisions of the Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025 pertaining to frequency of reporting of credit information by CIs to CICs have been reviewed.

It is proposed to transition to weekly credit information submission by CIs to CICs. The Draft amendments also mandate measures to facilitate faster data submission and error rectification by the CIs. Further, to facilitate aggregation of credit information by CICs, it is proposed to capture Central Know Your Customer (CKYC) number in a separate field in the reporting format of consumer segment.

The comments on the draft Directions/Circulars are invited from the banks, market participants, and other interested parties till **October 20, 2025**. The comments/ feedback may be submitted through the link under the 'Connect 2 Regulate' Section available on the Reserve Bank's website. Comments may alternatively be forwarded to *The Chief General Manager-in-Charge, Department of Regulation, Central Office Reserve Bank of India, 12th/ 13th Floor Shahid Bhagat Singh Marg, Fort Mumbai – 400 001* or by email.

(Puneet Pancholy)
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