



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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December 05, 2025

**Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) (Amendment) Directions, 2025**

Reserve Bank had earlier issued [directions on Financial Services provided by Banks in 2016](#), since replaced by entity-wise Master Directions issued on November 28, 2025 - [Reserve Bank of India \(Commercial Banks – Undertaking of Financial Services\) Directions, 2025](#). A review of some provisions contained in the earlier instructions was carried out and a draft circular was placed on the website on [October 04, 2024](#).

2. Taking into account the feedback received and consultation held with the stakeholders and in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. These Directions shall be called the Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) (Amendment) Directions, 2025.

4. The provisions shall come into effect from December 05, 2025.

5. These Amendment Directions modify the [Reserve Bank of India \(Commercial Banks - Undertaking of Financial Services\) Directions, 2025](#) (hereinafter referred to as 'Master Direction') as under:

**i) In paragraph 3 of the Master Direction**, the following shall be inserted, namely: -  
*“Paragraph 18(4) of these directions shall apply to all Non-Banking Financial Companies (including Housing Finance Companies) which are group entities of a bank operating in India”*

ii) In paragraph 4 of the Master Direction, the following sub-paras shall be inserted/substituted as follows:

a) in sub-para (1), the following shall be substituted, namely: -

***“Agency Business:*** means an arrangement under which a bank or its group entity acts as an agent of a third-party product or service provider (TPPSP), without risk participation, to facilitate the sale of the latter’s financial products or services (e.g., insurance, mutual fund, pension fund, etc.) to its own customers. Under agency business arrangement, the bank and the group entity shall enter into an agreement with a TPPSP for sale of only regulated financial products or services. The activities covered under agency business arrangements may inter-alia include marketing, sales, promotion, initial point of contact for redressal of grievance and other after-sale services related to the product or service.”

b) the existing sub-para (1) in the Master Direction, which defines **Assignee**, has been renumbered as (1A).

c) after sub-para (9), the following sub-para shall be inserted, namely: -

***“(9A). Group entity***

*means an entity which is a subsidiary or joint venture or associate of a bank. The definition of a subsidiary, joint venture and associate for banks shall be as stated in the Accounting Standards of the Institute of Chartered Accountants of India. Entities held under NOFHC shall not be treated as group entities of a bank for the purpose of these directions.”*

d) for sub-para (17), the following shall be substituted, namely: -

***“Referral Services:*** means an arrangement under which a bank may refer its customers to a TPPSP by making available information about the financial products or services offered by the TPPSP.

*Note: Under referral arrangement, the bank shall neither be involved in any of the processes relating to the third-party products or services (TPPS) nor the name or brand of the bank shall feature in any of the product/service documents. No processes relating to TPPS shall either be integrated with the bank’s platform/carried out within the premises of the bank (unless specifically permitted) or be accessible in the form of a micro-site or micro-application, except for an access link to redirect the customer to the TPPSP.”*

**iii) For paragraphs 18 to 21 of the Master Direction**, the following shall be substituted, namely:-

*“18. A bank may undertake businesses as permitted under Section 5(b) and Section 6(1) of the Banking Regulation Act, 1949 either departmentally or through a group entity set up as per Section 19 of the Act, subject to the following conditions:*

- (1) The business of banking as defined in section 5(b) of Banking Regulation Act, 1949 shall be undertaken only departmentally.*
- (2) Acceptance of time deposits shall be undertaken only departmentally by the bank, and if permitted, through a housing finance company in the bank group (bank group shall include bank and its group entities).*
- (3) As a principle, any form of business shall be undertaken by one entity in a bank group. However, if a bank undertakes a form of business through more than one entity in a bank group, the same shall be done with proper rationale such as business segmentation/specialization, duly recorded and approved by the Board of the bank.*
- (4) In case lending business is undertaken through a group entity also, the following additional conditions shall be applicable to such a group entity (NBFCs including HFCs):*
  - (i) Regulations as applicable to Upper Layer NBFC other than the requirement for listing, irrespective of whether the NBFC has been specifically identified by the Reserve Bank as Upper Layer or not. Notwithstanding the same, listing requirement shall be complied with by those NBFC group entities which are identified by the Reserve Bank as Upper Layer.*
  - (ii) Furthermore, following stipulations/restrictions under [Reserve Bank of India \(Commercial Banks – Credit Risk Management\) Directions, 2025](#) and [Reserve Bank of India \(Commercial Banks – Credit Facilities\) Directions, 2025](#) shall apply mutatis-mutandis to all the fresh/renewal and additional loans/limits sanctioned/disbursed by the NBFC group entities:*
    - (a) Stipulations on advances:*
      - i. against parent bank's shares*

- ii. *to parent bank's Directors and loans and advances to relatives of Directors*
  - iii. *for financing of Promoters Contribution*
  - iv. *for financing of Land Acquisition*
- (b) *Limits per borrower for loans and advances against Shares, Debentures, Bonds and Indian Depository Receipts, IPO Financing and ESOP Funding.*
- (5) *Mutual fund business, insurance business, pension fund management, investment advisory and management services, portfolio management services and broking services shall not be carried out departmentally, but, only through a group entity.*
  - (6) *A bank shall require prior approval of the Reserve Bank to undertake any new form of business through the bank or a group entity, other than those permitted in these directions.*
  - (7) *There shall be a policy for each form of business undertaken by the bank, which comprehensively covers various aspects of the said business including identification of various risks associated with it, an appropriate risk mitigation framework, and adherence to capital allocation norms as applicable.*
19. *A bank which is not in conformity with the directions given in the paragraph 18 above, shall not undertake any new business in the respective segment from April 1, 2026. It shall also submit a compliance status in this regard by March 31, 2026. Existing facilities, however, shall continue to be serviced till its maturity.*
20. *An NOFHC shall not require prior approval of the Reserve Bank for the entities held by it to undertake forms of businesses listed under para 18(5) above unless advised otherwise. The NOFHC shall intimate the Reserve Bank within 15 days from the date of resolution of the Board for undertaking such businesses. Further, an NOFHC shall require the prior approval of the Reserve Bank for the entities held by it to undertake any other form of business subject to other instructions as applicable.*
21. *Unless specifically permitted, a bank shall obtain no-objection from the Reserve Bank for any of its overseas branches (including the branches operating in IFSC, GIFT City) to undertake any business for which prior approval is required by the parent bank in India as per para 18(6) above. Further, a bank shall ensure that its overseas branches (including the branches operating in IFSC, GIFT City) adhere*

*to the more stringent of the host or home country regulations for the purpose of this Master Direction.”*

**iv) For paragraphs 22-29 of the Master Direction**, the following shall be substituted, namely:-

*22. Investment by a bank in any group entity or in other entities, including overseas investments, shall be subject to the prudential limits specified below:*

***B.1 Limits in terms of bank’s paid-up share capital and reserves***

*23. Equity investment by a bank in any entity, including its group entity, individually, shall not exceed 10 per cent of the bank’s paid-up share capital and reserves as per the last audited balance sheet or audited/unaudited balance sheet of the latest quarter, whichever is lower.*

*24. The aggregate equity investments made in all entities, including group entities and overseas investments, shall not exceed 20 per cent of the bank’s paid-up share capital and reserves as per the last audited balance sheet or audited/unaudited balance sheet of the latest quarter, whichever is lower. For calculating the aggregate equity investment limit, the following investments shall be excluded:*

- (1) investments in the equity of entities held under ‘Held for Trading’ category as stipulated in the [Reserve Bank of India \(Commercial Banks – Classification, Valuation and Operation of Investment Portfolio\) Directions, 2025](#) as updated from time to time, subject to the limit stipulated under Section 19(2) of the Banking Regulation Act, 1949.*
- (2) investments of up to 30 per cent in the equity of non-financial entities acquired through restructuring of debt or to protect the bank’s interest on loans/investments made to an entity.*

***B.2 Limits in terms of investee’s capital***

*25. A bank group may make an aggregate investment of less than 20 per cent (with or without investment by the bank) in the equity share capital of an entity without prior approval, subject to the following conditions:*

- (1) The bank’s CRAR shall not be less than the minimum prescribed capital (including Capital Conservation Buffer) post the investment; and*

- (2) *The bank should have reported net profit in each of the preceding two financial years.*
26. *Notwithstanding the conditions listed in para 25, investments held under 'Held for Trading' category shall not require prior approval, subject to the limit stipulated under Section 19(2) of the Banking Regulation Act, 1949.*
27. *Investments made by the Asset Management Companies (AMCs) from the funds of the unit holders, shall not be included in the aggregate limit for the purpose of para 25 and para 28. However, the investment made by group entities of the bank including AMCs, from their own funds, shall be included for the purpose of the aggregate limit of the bank group.*
28. *A bank group, with prior approval of the Reserve Bank, may make an aggregate investment of 20 per cent or more (with or without any investment by the bank) in the equity share capital of an entity.*
29. *Banks shall be allowed to set up subsidiaries only for undertaking activities as permitted under Section 19(1) of the Banking Regulation Act, 1949. Further, banks shall require prior approval for making additional investment in the equity share capital of any group entity.*
- 29A. *Save as otherwise provided in these directions, the following specific limits/conditions shall be adhered to:*
- (1) *A bank shall be allowed to invest 20 per cent or more in the equity share capital of a non-financial services entity but not exceeding 30 per cent (except as subsidiary) only in the following circumstances:*
    - (i) *the investee entity is engaged in non-financial business permissible for banks under Section 6(1) of the Banking Regulation Act, 1949, subject to prior approval of the Reserve Bank; or*
    - (ii) *acquisition is through restructuring of debt or to protect the banks' interest on loans/investments made to an entity.*
    - (iii) *Banks shall not require prior approval for such acquisitions; however, they shall submit a time bound action plan for disposal of such shares. The action plan shall be submitted within 30 days of such acquisition.*
  - (2) *A bank shall not sponsor (as defined in the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) more than one Asset Reconstruction Company (ARC).*

*Further, the aggregate shareholding of a bank group in any ARC shall be less than 20 per cent of the equity share capital of the ARC.*

- (3) Banks held under the NOFHC structure shall adhere to [Guidelines for Licensing of New Banks in the Private Sector](#) dated February 22, 2013, for their investments in the equity share capital of a company.*

***(v) In paragraph 31 of the Master Direction, the following shall be substituted, namely:-***

*31. A bank shall not individually contribute more than 10 percent of the corpus of a Category I or Category II AIF Scheme.*

***(vi) After paragraph 38 of the Master Direction, the following shall be inserted, namely:-***

***B.4 Other general conditions for Investment in Alternative Investment Fund / Real Estate Investment Trust / Infrastructure Investment Trust***

*38A. A bank group may make an investment of less than 20 per cent in the corpus of Category I or Category II AIF scheme, without prior approval subject to conditions stipulated under paragraph 25 above.*

*38B. A bank group may make an investment of 20 per cent or more but not exceeding 30% in the corpus of Category I or II AIF scheme, with prior approval of the Reserve Bank.*

*38C. No bank shall make any investment in the corpus of Category III AIF scheme. Investment by a bank's subsidiary in the corpus of Category III AIF scheme shall also be restricted to the regulatory minima prescribed by the Securities and Exchange Board of India.*

*38D. Additionally, banks shall ensure that their exposure in an investee company through their investments in AIF schemes does not result in circumvention of any regulations applicable to banks.*

*38E. No bank shall make an investment of more than 10 per cent in the unit capital of a Real Estate Investment Trust/Infrastructure Investment Trust within the overall ceiling of 20 per cent of the bank's net worth permitted for all direct investments in shares, convertible bonds/ debentures, units of equity-oriented mutual funds and exposures to AIFs.*

### **B.5 Additional conditions for investments**

38F As part of bank's ICAAP framework, the following shall be accounted for the purpose of determining additional capital requirement which will be subject to Supervisory Review and Evaluation Process:

- (1) risks arising on account of equity investments in unit/paid-up capital, as applicable, of an AIF Scheme done directly or through their group entities.
- (2) group-wide capital and risk management policy with respect to the capital requirement and the risks faced by their group entities.

38G. These Directions shall be read in conjunction with [Reserve Bank of India \(Commercial Banks - Concentration Risk Management\) Directions, 2025](#) as applicable to banks.

38H. Breach, if any, in the limits prescribed under this Master Direction shall be reported to the Department of Regulation of the Reserve Bank on PRAVAAH portal through the applicable form within 15 days, from the date of occurrence of such breach along with reason for such a breach and a plan to correct the same.

38I. A bank which is not in conformity with the directions given in paragraphs 22 to 29A and 38A to 38E above, shall submit an action plan by March 31, 2026, to comply with the provisions contained herein within a specified timeline but not later than March 31, 2028.

**(vii) In paragraph 55 of the Master Direction,** the following shall be substituted, namely: -

*“Banks shall offer portfolio management service (PMS) or similar scheme only through a group entity subject to prior approval of the Reserve Bank.”*

**(viii) After paragraph 66 of the Master Direction,** the following para shall be inserted, namely: -

*“66(A): A bank may become Professional Clearing Member for equity derivative segment of the SEBI recognised stock exchanges. Prudential criteria and conditions stipulated for commodity derivative segment in para 66 above shall apply mutatis mutandis to the equity derivative segment.”*



**(ix) In paragraph 67 of the Master Direction,** the introductory paragraph shall be substituted with the following: -

*“No bank shall offer broking services for the commodity derivatives segment of SEBI recognised stock exchanges except through a separate subsidiary, subject to the following conditions:”*

**(Manoranjan Padhy)**

Chief General Manager