



**NBFC** *FinSight*

*Credit to Credibility...*

*Business & Compliance*

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## NBFCs in 2026

### Innovating with Purpose, Growing with Integrity

# NBFCs in 2026: Innovating with Purpose, Growing with Integrity

As we step into 2026, the Non-Banking Financial Company (NBFC) sector stands at the forefront of India's evolving financial landscape. Building on a decade of steady progress, NBFCs continue to play a crucial role in bridging credit gaps, empowering first-time borrowers, and supporting underserved customer segments.

This year marks another pivotal moment - one that calls for bold innovation grounded in trust, transparency, and responsible growth. One of the strongest forces shaping NBFC operations in 2026 is the advancement of intelligent digital ecosystems. Institutions are increasingly adopting AI-powered underwriting, alternative data-based credit scoring, and embedded finance alliances. These innovations have unlocked deeper financial inclusion and faster customer onboarding.

However, with this rapid digital growth comes heightened expectations around cybersecurity, ethical AI use, and robust data governance. NBFCs must ensure that every technological leap strengthens customer trust - not compromises it.

Regulatory developments will continue to reinforce stability and consumer protection. The RBI's focus on risk-based supervision, enhanced capital norms, and strengthened governance standards has shifted the sector towards healthier balance sheets and more resilient operations.

As scrutiny intensifies around unsecured lending and liquidity management, NBFCs must demonstrate disciplined lending practices and sound risk controls. These rules are not barriers - they are enablers of long-term credibility.

On the business front, changing consumption patterns, strong demand from MSMEs, and rising aspirations of young borrowers will fuel credit growth. As economic activity deepens across urban and semi-urban markets, diversified loan products and tailored underwriting models will become critical to capturing emerging opportunities.

At the same time, diversification of funding - through securitisation, co-lending partnerships, and market borrowings - will be essential to maintain liquidity and cost efficiency.

NBFCs that cultivate strong relationships with banks and institutional investors will stand out in an increasingly competitive borrowing environment.

Looking forward, the NBFCs best positioned for success are those that embed customer-centricity into every layer of their operations. Transparent communication, simplified processes, fair pricing, and efficient grievance redressal will shape customer loyalty.

Internally, continuous staff upskilling, board oversight, and sustainable lending practices will reinforce organisational credibility.

In summary, the NBFC sector in 2026 will be defined by responsible innovation.

Internally, continuous staff upskilling, stronger board oversight, and sustainable lending practices will reinforce organisational credibility. With regulatory expectations rising, NBFCs must invest in robust risk management frameworks, data governance systems, and compliance automation. Enhancing employee capabilities in analytics, digital operations, cyber risk, and customer service will ensure operational resilience. Boards, too, will be expected to drive a culture of ethical decision-making and long-term value creation rather than short-term growth.

*"The future of finance belongs to those who innovate with responsibility, and grow with the trust of the people they serve."*

**Warm regards,**

**Dinesh Gupta**  
**Chief Editor- NBFC FinSight**





# Strengthening Market Infrastructure: Key Highlights from RBI's 2025 Repo Guidelines

- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

## Strengthening Market Infrastructure

### Tri-party Repos, Agent Roles, Obligations, and Exit Norms

### FIMMDA Master Repo Agreements

### Regulatory clarity on CRR/SLR

The Reserve Bank of India has issued the Master Direction – RBI (Repurchase Transactions (Repo)) Directions, 2025, establishing an updated and unified regulatory framework for market repo transactions in India. Issued under Section 45W of the RBI Act, the new Directions come into effect immediately and supersede all previous guidance on repo transactions, excluding those undertaken under the Liquidity Adjustment Facility and Marginal Standing Facility. The framework applies to repos executed across recognized stock exchanges, electronic trading platforms (ETPs), and over-the-counter (OTC) markets, with exchange-traded repos continuing to follow SEBI-prescribed procedures.

The Directions clarify key definitions, including government securities, corporate bonds, commercial paper (CP), certificates of deposit (CDs), municipal debt securities, and debt exchange-traded funds (ETFs). Eligible collateral now spans government securities, listed corporate bonds, CPs, CDs, municipal debt securities, Debt ETF units, and securities of local authorities, reinforcing collateral diversification while disallowing the use of an entity's own or related-party securities.

Participation is broadened to include all regulated entities, listed corporates, **certain unlisted companies holding special Gov securities, all-India financial institutions, and other entities approved by RBI**. Repo tenor must range between one day and one year. The Directions also provide a full framework for **tri-party repos, including agent roles, obligations, and exit norms**.

Repo trading is permitted on exchanges, RBI-authorized ETPs, or OTC channels, but platforms require prior RBI approval. All OTC trades must be reported within 15 minutes government securities repos to CROMS, and repos in other eligible securities to F-TRAC.

Settlement must follow **Delivery vs Payment (DvP)**, with government security repos routed through CCIL or other RBI-approved clearing agencies, while repos in other securities settle through exchange clearing houses or other approved entities.

The framework permits on-sale and substitution of securities acquired under repo, subject to short-selling eligibility norms. Collateral must be priced transparently, with minimum haircuts prescribed: 2% for listed corporate bonds and municipal/local authority securities and 1.5% for **CPs and CDs**, with flexibility for additional haircuts based on liquidity and tenor.

RBI-regulated entities must follow the accounting guidance in Annex II, while others adhere to applicable accounting standards. For statutory ratios, funds borrowed through repos in government securities are exempt from **CRR/SLR**, and securities acquired are SLR-eligible if intrinsically permitted. Banks' repo borrowings in corporate bonds count toward CRR/SLR liabilities, with netting allowed as per Section 42(1) of the RBI Act. Documentation must rely on **FIMMDA master repo agreements or platform-specific rules**, with separate contracts governing tri-party repos.

- **Unified, broader repo framework:** Expands eligible participants and collateral, introduces a consistent approach across exchanges, ETPs, and OTC markets, and strengthens reporting and settlement discipline.
- **Stricter collateral and haircut norms:** Minimum haircuts mandated (2% for corporate/municipal securities, 1.5% for CP/CD), ensuring stronger risk management across market segments.
- **Regulatory clarity on CRR/SLR:** Repo in government securities enjoys CRR/SLR exemptions, while repo in corporate bonds impacts banks' statutory ratios, tightening prudential oversight.





# RBI Notifies New Repo Directions: Municipal Debt Securities Made Repo-Eligible

- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

The Reserve Bank of India (RBI) has announced a significant update to the regulatory framework governing repurchase transactions (repo) in India. Through the release of the Master Direction – Reserve Bank of India (Repurchase Transactions (Repo)) Directions, 2025, the RBI has expanded the universe of securities permitted for repo and reverse repo transactions to include Municipal Debt Securities. This move marks another step toward deepening India’s municipal bond market and strengthening local government financing.

## Background: Evolution of Repo Directions:

The newly issued 2025 Master Direction builds on the earlier framework – the Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018, which has undergone several revisions over time. These directions govern all repo transactions conducted in the country, setting the standards for eligible participants, eligible collateral, reporting requirements, and risk mitigation.

Repos, being short-term collateralised borrowing arrangements, rely heavily on the quality and liquidity of the securities offered as collateral. Historically, the RBI has restricted eligible securities primarily to central government securities, state government securities, and select market instruments. The introduction of municipal bonds into this framework marks an important broadening of the market ecosystem.

## Government Notification Enables Inclusion of Municipal Debt Securities:

The Central Government, exercising the powers granted under clause (e) of section 45U of the Reserve Bank of India Act, 1934, has officially classified Municipal Debt Securities as eligible securities for the purpose of repo and reverse repo transactions.

This was enacted via a notification published in the Official Gazette on October 22, 2025.

The RBI’s recognition of these securities for repo purposes further buttresses investor confidence and market liquidity.

Implications of the Inclusion

## The update offers several meaningful implications:

- **Enhanced Liquidity for Municipal Bonds:** Allowing municipal securities in repo markets will improve their tradability and attractiveness for institutional investors, potentially lowering borrowing costs for municipal bodies.
- **Broader Collateral Base:** Banks, mutual funds, insurers, and other market participants will now have an expanded range of collateral options for short-term borrowing.
- **Development of Local Government Financing:** Increased demand and liquidity may encourage more municipalities to issue bonds, promoting fiscal decentralization and better access to funds for urban development.

## New Master Direction Issued

Reflecting the above amendment, the RBI has issued the Master Direction-Reserve Bank of India (Repurchase Transactions (Repo)) Directions, 2025, which incorporates Municipal Debt Securities into the list of eligible collateral. According to the RBI, these directions have been framed under section 45W, read with section 45U, of the RBI Act, 1934, along with all other enabling powers.

## Immediate Applicability

The RBI has clarified that these Directions are effective immediately. Market participants are therefore advised to review the updated framework and integrate the permitted Municipal Debt Securities into their collateral management and repo operations.

Municipal Debt Securities

Enhanced Liquidity for Municipal Bonds

Development of Local Government Financing





# Banks Add New Mandatory Check: Criminal Record Clearance for Loans

By: CA Isha Gandhi

## Criminal Record Clearance for Loans

In a significant shift in retail credit evaluation, banks across India are preparing to introduce a new mandatory document for loan applicants: a criminal record verification report. This means that traditional measures such as CIBIL score, income proof, and collateral will no longer be sufficient on their own for securing bank loans.

According to recent discussions held among a consortium of banks, the lending ecosystem has been witnessing growing concerns over financial fraud, loan defaults, and misuse of credit facilities. To strengthen due diligence and improve the quality of lending, banks have agreed to assess whether any criminal case has been registered against an applicant before processing their loan request.

Under this proposed mechanism, applicants may be required to submit a criminal background certificate or authorize banks to independently **check their pending criminal cases through legally approved databases**. The move aims to prevent loans from being sanctioned to individuals involved in serious offences, especially those that may pose financial, reputational, or legal risks to banking institutions.

Bank representatives highlighted that while credit scores help assess repayment capacity and collateral provides security, neither reflects the ethical and legal standing of an applicant. The additional verification step is intended to plug this gap and ensure banks extend credit responsibly.

However, officials also emphasized that the scheme will be implemented only after evaluating its legal framework, including **privacy concerns, data protection requirements, and the permissible extent of accessing criminal records**. The industry is also exploring standardization of processes to ensure uniformity across banks, thereby preventing arbitrary or inconsistent assessments. Though still in the implementation phase, this move could reshape the loan application experience in India.



Borrowers may soon be required to maintain not only their financial paperwork but also ensure that all legal records especially those relating to past or inadvertent cases are accurately updated and officially documented. This additional layer of verification, experts say, can help lenders form a more complete picture of an applicant's credibility and reduce the risks associated with fraudulent or high-risk borrowers. At the same time, it is expected to encourage individuals to take greater responsibility for maintaining **clean and transparent legal profiles**.

Data Protection & Privacy Concern

Clean and Transparent Legal Profiles





# RBI Announces Trade Relief Measures to Support Exporters Amid Global Disruptions

By: CA Kanika Gupta

## Trade Relief Measures

The Reserve Bank of India (RBI) has introduced the Trade Relief Measures Directions, 2025, a comprehensive framework designed to support India's export sector facing stress from global trade disruptions. Issued under multiple statutory powers - including the Banking Regulation Act, RBI Act, Factoring Regulation Act, NHB Act, and the Credit Information Companies Act - the Directions come into immediate effect and mandate a uniform relief approach across all regulated lending institutions.

Under these Directions, the term Regulated Entity (RE) includes commercial banks, co-operative banks, NBFCs (including HFCs), All-India Financial Institutions, and Credit Information Companies (CICs, for select provisions). All REs must formulate a Board-approved policy specifying objective eligibility criteria, ensuring transparency and uniform implementation. Importantly, REs must satisfy themselves that the borrower's business has been impacted by global trade headwinds before granting relief.

To be eligible, borrowers must meet three conditions: they must be engaged in exporting goods or services from sectors listed in the Annex; must have had an outstanding export credit facility as of August 31, 2025; and their accounts should have been classified as Standard on that date. REs that did not originally sanction the borrower's export credit facility may rely on certifications from lending institutions to verify eligibility.

### Moratorium and Working Capital Relief

The RBI has allowed REs to extend a moratorium on term-loan instalments - covering principal and interest - falling due between September 1 and December 31, 2025. Similarly, interest recovery on working capital facilities such as cash credit and overdraft accounts may also be deferred during this period. Interest will continue to accrue, but only as simple interest, meaning no compounding or interest-on-interest is permitted.

Accrued interest may be converted into a Funded Interest Term Loan (FITL), repayable in one or more instalments between March 31 and September 30, 2026.

Working capital borrowers may also receive temporary relief through recalculated drawing power, achieved by reducing margins or reassessing credit limits during the effective period. Any post-period review will revert to standard assessment norms.

### Extended Tenor for Export Credit

REs engaged in export financing may now allow an enhanced credit period of up to 450 days for pre-shipment and post-shipment export credit disbursed until March 31, 2026. For packing credit availed on or before August 31, 2025, where shipment delays occurred, lenders may permit liquidation using legitimate alternate sources, including domestic sale proceeds or substitution with proceeds of another export order.

### Asset Classification and Provisioning Framework

A key regulatory easing is that the moratorium or deferment period will be excluded when calculating days past due under existing IRACP norms. Granting moratorium or recalculating drawing power under these Directions will not be treated as restructuring, ensuring that the borrower's account classification is not downgraded solely because of the relief.



## Moratorium and Working Capital Relief

## Asset Classification and Provisioning Framework





# RBI Cuts Repo Rate, Announces Major Liquidity Measures in Surprise Policy Move

- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

## Major Liquidity Measures

₹1 Lakh Crore in OMO Purchases

\$5 Billion USD/INR Swap Scheduled for December

In a policy announcement that exceeded market expectations, RBI Governor Sanjay Malhotra unveiled a unanimous 25-basis-point reduction in the repo rate, bringing it down to 5.25%. The move marks a decisive shift toward growth-oriented policymaking after a prolonged period of caution driven by inflationary concerns.

Governor Malhotra noted that headline inflation has been trending downward for several months, supported by easing global commodity prices and resilient supply-side interventions. Although food inflation remains susceptible to weather-related volatility, the Monetary Policy Committee (MPC) assessed that the risks are manageable and do not warrant delaying monetary easing. According to the Governor, the committee felt confident that a calibrated rate cut—accompanied by robust liquidity measures would stimulate investment and support continued economic expansion without destabilizing price expectations.

To complement the rate cut, the RBI announced two significant liquidity-infusion mechanisms, aimed at ensuring smooth transmission across financial markets and the banking system.

### ₹1 Lakh Crore in OMO Purchases

The central bank will conduct Open Market Operation (OMO) purchases worth ₹1 lakh crore over the coming quarter. These purchases will primarily target government securities, helping alleviate upward pressure on long-term yields. The measure is expected to improve banking system liquidity, reinforce the recent softening in borrowing costs, and support credit demand from corporates and MSMEs. Analysts noted that this OMO program is one of the RBI's more assertive liquidity steps in recent years, signaling a clear intention to maintain orderly financial conditions.

### \$5 Billion USD/INR Swap Scheduled for December

In addition, the RBI will undertake a three-year USD/INR swap of \$5 billion in December, injecting long-duration rupee liquidity while tactically bolstering foreign exchange reserves.

FX swaps have emerged as a preferred tool for the central bank when balancing liquidity requirements against external-sector stability. By infusing durable liquidity without permanently expanding its balance sheet, the RBI aims to support banks during a period of heightened credit expansion and seasonal cash demand.

Measure	Announcement	Expected Impact
Repo Rate	Cut by 25 bps to 5.25%	Boost lending, support growth
OMO Purchases	₹1 lakh crore	Lower yields, strengthen liquidity
USD/INR Swap	\$5 billion (3-year)	Durable liquidity; FX stability

### Market Reaction & Economic Outlook

Financial markets responded promptly to the policy announcement. Government bond yields eased across the curve, with the 10-year benchmark falling sharply as traders priced in the OMO support. Banking and NBFC stocks saw strong intraday gains on expectations of improved credit demand and better net interest dynamics. Meanwhile, the rupee traded in a stable range, supported by the prospect of additional FX reserves from the swap operation.

Economists argue that the RBI's policy combination reflects a forward-looking stance designed to nurture growth while maintaining macroeconomic prudence. With global central banks increasingly adopting a more moderate tone, India's move aligns with international trends but remains tailored to domestic conditions. The Governor emphasized that the RBI will continue to **“act decisively, supply liquidity responsibly, and preserve financial stability as growth transitions into its next phase.”**





# Rising Cost of Funds-How NBFCs Are Navigating Tight Money Markets

- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

## Rising Cost of Funds

Lending Rates Upward

Liquidity Stress Test

Non-Banking Financial Companies (NBFCs) are entering a challenging phase as the cost of funds rises sharply amid tight money-market conditions. With liquidity in the broader banking system narrowing and interest rates firming up across short-term and long-term markets, NBFCs now face a funding environment that is more expensive, more selective, and far more volatile than earlier in the year. This shift is particularly impactful because NBFCs depend heavily on external borrowing rather than deposits, making them highly sensitive to fluctuations in market liquidity.

The tightening of funds has been driven by several overlapping forces. Banks are experiencing slower deposit growth even as credit demand remains strong, limiting their ability to lend cheaply to NBFCs. Government borrowing has pushed up yields, increasing the cost of raising money through corporate bonds. At the same time, global financial uncertainty and currency pressures have kept domestic money markets on edge, prompting caution from investors and funding institutions. As a result, NBFCs that relied on short-term instruments like commercial papers or frequent refinancing are now finding the environment noticeably more demanding.

This rise in borrowing costs is beginning to influence how NBFCs operate. Net interest margins are under pressure because the cost of raising funds is rising faster than rates on existing loans can be repriced. Many NBFCs are responding by **gradually adjusting lending rates upward**, though competitive intensity makes this a delicate balancing act. Some are also shifting their portfolio mix, giving greater emphasis to secured lending segments such as home loans, loan against property, gold loans, and vehicle finance, which tend to attract relatively lower funding costs and carry better risk-adjusted returns. For entities that were aggressively expanding in unsecured retail loans, the shift in market conditions has triggered a more cautious approach.



In parallel, NBFCs are recalibrating their liability strategy. There is now a clear preference for longer-tenor borrowings to reduce reliance on short-term market instruments that must be rolled over frequently. Securitization has become an increasingly important tool because it allows NBFCs to unlock liquidity by selling loan pools while still maintaining business momentum. Co-lending partnerships with banks are also gaining traction, enabling NBFCs to access bank funds indirectly while focusing on customer acquisition and servicing capabilities.

Liquidity and Asset-Liability Management (ALM) practices are strengthening as well. **NBFCs are conducting more frequent liquidity stress tests**, closely monitoring cashflows, and tightening internal controls to ensure that they remain resilient if funding conditions worsen. Stronger emphasis on timely collections is also emerging, as healthier cashflows help cushion the impact of rising interest expenses.

Looking ahead, the funding environment for NBFCs is likely to remain tight in the near term. Until broader systemic liquidity eases, NBFCs will need to rely on prudent cost management, diversification of funding sources, and disciplined credit growth. Those that adapt quickly, maintain robust liquidity buffers, and recalibrate their product mix stand to navigate this cycle more successfully than those that remain overly dependent on short-term borrowings.





# A New Era in India's Labour Landscape: Key Reforms and Their Impact

By- VK Sareen, Executive Director- Credifin Limited

## India's Labour Landscape

Code on Wages, Industrial Relations Code

Social Security Code & Occupational Safety, Health and Working Conditions (OSHC) Code

India is entering a transformative phase in its labour landscape as the government moves closer to implementing long-awaited labour reforms aimed at simplifying compliance, protecting workers, and enabling businesses to operate with greater agility. These reforms, consolidated into four comprehensive labour codes, are poised to modernise the way organisations manage employment, wages, social security, and workplace conditions. As discussions intensify in late 2025 around phased rollout, industries are preparing for a new era of labour governance. The objective of the labour codes is clear - streamline complex regulations and create a unified, transparent system that benefits both employees and employers. By merging 29 central labour laws into four codes, the government aims to reduce administrative fragmentation and promote ease of doing business, especially for MSMEs that often struggle with regulatory complexity.

### Key Labour Codes and Their Impact

#### 1. Code on Wages

- Introduces a **uniform definition of wages**, bringing consistency in salary and benefit calculations.
- Strengthens worker protection through clearer rules on minimum wages and payment timelines.
- Promotes **fairness** with gender-neutral wage provisions and simplified compliance for employers.

#### 2. Industrial Relations Code

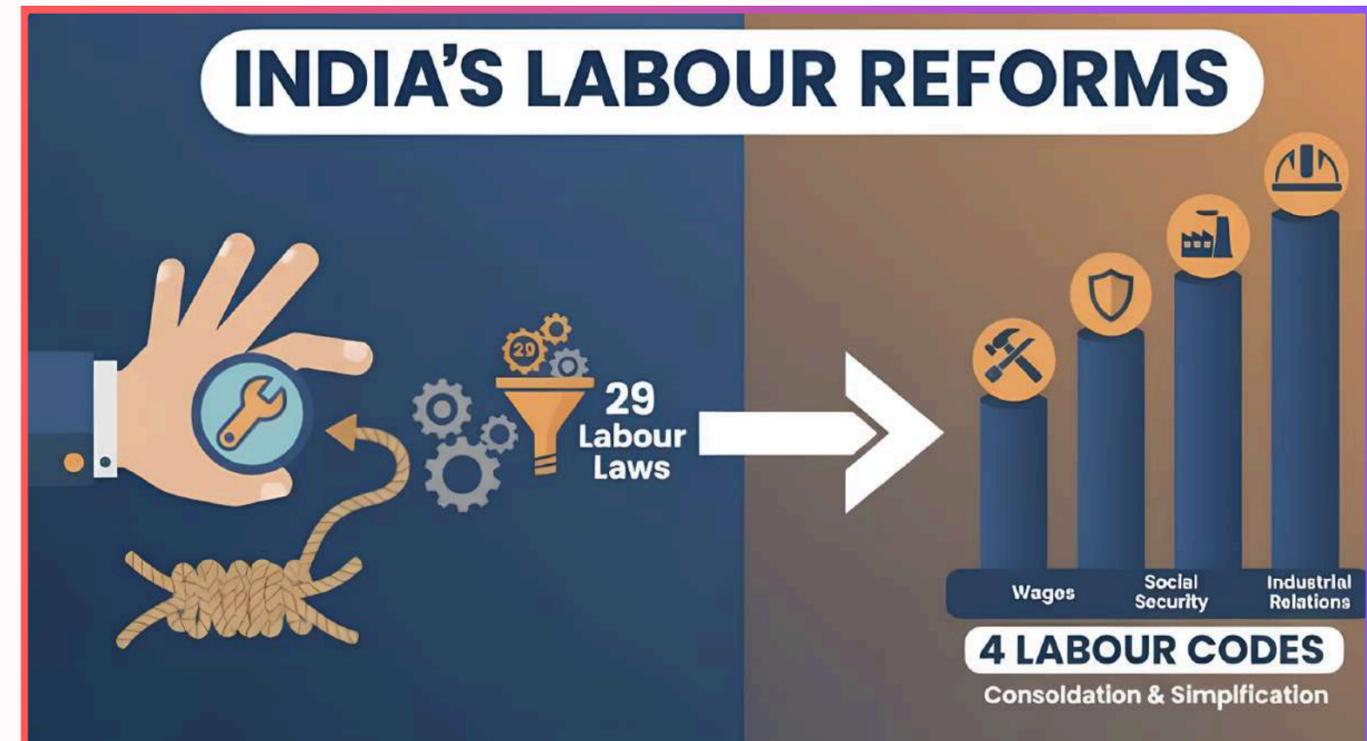
- Provides companies with greater flexibility in hiring, including **fixed-term employment** options.
- Simplifies the dispute resolution process, reducing industrial conflicts.
- Enhances **collective bargaining** rights with clearer frameworks for forming trade unions.

#### 3. Social Security Code

- Extends coverage to gig workers, platform workers, and unorganised sector labour, promoting inclusive welfare.
- Strengthens **PF, ESIC, and gratuity frameworks** with broader and mandatory social security contributions.
- Aims to build long-term financial stability for millions of workers across sectors.

#### 4. Occupational Safety, Health and Working Conditions (OSHC) Code

- Establishes **uniform safety standards** across industries to improve working conditions.
- Mandates better **welfare facilities, working hours regulation**, and compliance norms.
- Encourages safer, healthier, and more productive workplaces.





# RBI Flags Rising Stress in Small-Ticket Unsecured NBFC Loans

## RBI Flags Rising Stress in Small-Ticket Unsecured NBFC Loans: Sector Faces Renewed Risk Tests

- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

The Reserve Bank of India (RBI) has raised a pointed caution over the increasing stress observed in the small-ticket unsecured loan portfolios of NBFCs, particularly those prominent in digital consumer lending. In its latest supervisory review, the central bank highlighted that early-stage delinquencies-especially in the **30-90 days past due bracket** have begun rising at a noticeable pace. While the magnitude of stress has not yet escalated to levels that threaten financial stability, the momentum is concerning enough for regulators to intervene early.

The unsecured segment has grown sharply over the last few years, driven by accelerated digital adoption, instant loan disbursements, and flexible onboarding processes. However, the RBI noted that this rapid expansion has coincided with leniencies in underwriting discipline. Many NBFCs scaled up aggressively in the post-pandemic recovery phase, relying heavily on automated credit engines and alternate-data scoring models. Although efficient, these systems may not fully capture behavioural nuances and evolving repayment risks in a volatile macro environment.

One of the key reasons behind the emerging stress is the loan size itself. Most small-ticket unsecured **products-usually between ₹5,000 and ₹75,000-are targeted at borrowers** with limited buffers and highly variable cash flows. These loans are typically used for non-essential consumption, short-term liquidity gaps, medical emergencies, or daily-life contingencies. Any small shock to a borrower's income, whether due to inflationary pressures or employment instability, can quickly lead to missed instalments. Because these loans are short-tenure and high-frequency, stress becomes visible almost immediately.

Another driver of rising delinquencies is the rapid growth of credit stacking, where borrowers take multiple loans from different digital platforms within a short span.

Many NBFCs lack real-time visibility of a customer's overall obligations, allowing borrowers to accumulate several small-ticket loans simultaneously. This trend is especially pronounced among first-time credit users, who may not fully understand repayment obligations or the impact of multiple EMIs on monthly cash flow. The cumulative burden often results in borrowers slipping into delinquency earlier than expected.

The RBI has responded by urging NBFCs to strengthen provisioning norms and refine their lending algorithms. The regulator recommends deeper bank-statement analysis, more robust income-verification processes, and heightened scrutiny of repeat borrowers whose leverage is rising rapidly. NBFCs have also been encouraged to invest in **stronger fraud detection**, particularly in markets where digital identity misuse and synthetic profiles have been reported.

However, mid-sized players and fintech-led NBFCs-whose business models rely heavily on rapid unsecured-loan growth may face margin compression as they increase provisioning and tighten credit filters.

The RBI's overarching message is unmistakable: while unsecured lending will continue to play an important role in expanding financial access, its growth must be supported by disciplined underwriting, transparent data-sharing, and robust risk controls. If NBFCs successfully adapt to this environment, the current stress cycle may ultimately lead to healthier, more sustainable lending practices across the industry.

**“Strong growth needs strong guardrails-especially in unsecured lending.”**



Strengthen Provisioning Norms

Stronger Fraud Detection





# RBI Strengthens NBFC-Bank Group Oversight: Key Amendments to Financial Services

- By CA Kanika Gupta

RBI Strengthens NBFC-Bank Group Oversight

Strengthening Group-Level Supervision:

Avoidance of Regulatory Arbitrage

Enhanced Operational Synergy

The Reserve Bank of India (RBI) has released the Reserve Bank of India (Non-Banking Financial Companies - Undertaking of Financial Services) (Amendment) Directions, 2025 via notification RBI/DOR/2025-26/138, dated December 05, 2025. This amendment marks a significant step in strengthening governance, harmonisation, and regulatory clarity for NBFCs, especially those functioning within banking groups.

In recent years, the regulatory ecosystem for financial services has undergone substantial refinement. The earlier 2016 instructions relating to financial services conducted by banks were superseded by the entity-wise Master Directions issued on November 28, 2025, titled Reserve Bank of India (Non-Banking Financial Companies - Undertaking of Financial Services) Directions, 2025. Following industry feedback and stakeholder consultations, the RBI has now introduced targeted amendments, reflecting its commitment to ensuring consistency, transparency and risk alignment across the financial spectrum.

The amendment draws strength from RBI's statutory powers under Section 45(L) and Section 45(JA) of the Reserve Bank of India Act, 1934. These provisions enable the central bank to issue directions to NBFCs in the public interest, reinforcing the supervisory architecture for entities engaged in financial activities.

At the core of this amendment is the insertion of a new paragraph (60A) under the Master Direction. NBFCs will now be required to comply not only with their existing NBFC-specific regulatory obligations, but also with the relevant norms prescribed under the Reserve Bank of India (Commercial Banks - Undertaking of Financial Services) Directions, 2025, wherever both the bank and its NBFC subsidiary undertake similar lines of business.

This harmonisation ensures regulatory symmetry across group entities engaging in comparable activities, helping avoid arbitrage, misalignment of risk management practices, and inconsistencies in customer-facing operations. More importantly, it underscores RBI's continued push towards group-level financial stability and governance standardisation.

## Additional Key Observations & Implications

### 1. Strengthening Group-Level Supervision:

By mandating NBFCs under banking groups to follow bank-equivalent rules for overlapping activities, RBI aims to establish parity in prudential norms, especially relating to conduct, due diligence, risk controls, and transparency.

### 2. Avoidance of Regulatory Arbitrage:

NBFCs associated with banks often engage in similar financial activities but under different regulatory frameworks. The new amendment realigns compliance expectations to ensure no entity exploits differential regulatory treatments.

### 3. Enhanced Operational Synergy:

The guidelines will likely promote greater coordination within financial groups, allowing parent banks and their NBFC entities to streamline processes, align governance structures, and reduce compliance fragmentation.

As regulatory boundaries evolve, NBFCs - particularly those within banking conglomerates - must reassess their internal frameworks, ensure alignment with both sets of directions, and reinforce their compliance monitoring mechanisms. This amendment also signals that RBI's supervisory focus is shifting towards a more consolidated, holistic view of financial groups rather than standalone entity-level oversight.

***“Regulation is the bridge between innovation and stability, ensuring growth with responsibility.”***





# Fair and Empathetic Loan Recovery by NBFCs-A Must to Prevent Financial Exploitation

By- Dr. Wishey Kataria

As India's credit landscape expands, Non-Banking Financial Companies (NBFCs) continue to play a pivotal role in driving financial inclusion. Their reach into underserved regions and their ability to innovate have fuelled widespread access to credit. However, with this influence comes an equally important responsibility: ensuring loan recovery practices that are fair, transparent, and empathetic, without slipping into financial exploitation.

The Reserve Bank of India (RBI) has repeatedly emphasised ethical conduct in collections, yet recent years have seen a rise in complaints around coercive practices, miscommunication, and misuse of customer data. Such incidents not only harm borrowers but also erode trust in the financial system. For NBFCs, adopting responsible recovery frameworks is no longer optional - it is essential for long-term credibility and regulatory compliance.

Fair loan recovery begins with **clear communication**. Borrowers must fully understand repayment terms, due dates, penalties, and restructuring options. NBFCs should invest in multilingual communication channels and ensure staff and outsourced agents adhere strictly to approved scripts and guidelines. Transparency at the onboarding stage significantly reduces disputes during recovery.

Empathy should complement communication. Many borrowers face temporary financial distress due to health emergencies, job losses, or business slowdowns. Recognising genuine hardship and offering solutions-such as flexible repayment plans, moratoriums, or restructuring in line with RBI norms-**protects customers without undermining asset quality**. Empathetic practices also reduce default rates by encouraging borrower cooperation.

Another critical area is data privacy and consent-driven engagement. NBFCs must ensure that customer data is not misused for harassment or public shaming, including through social media or contact with unrelated third parties.

Technology can be leveraged responsibly to ensure secure communications, track agent behaviour, and maintain audit trails. Training and monitoring collection agents is equally important. Whether in-house or outsourced, recovery personnel must follow ethical norms: no threats, no intimidation, no physical visits at odd hours. Regular audits, grievance redressal mechanisms, and strict penalties for violations reinforce a culture of accountability.

Ultimately, fair and empathetic loan recovery is not just a regulatory requirement- it is a strategic advantage. It strengthens customer relationships, protects brand reputation, and contributes to a healthier credit ecosystem. As NBFCs continue to **shape India's financial future**, **prioritising responsible recovery practices** will ensure sustainable growth without compromising dignity or trust.



Fair and Empathetic Loan Recovery

Clear Communication

Protects Customers without undermining Asset Quality

Prioritising Responsible Recovery Practices





# Transition to the Account Aggregator Ecosystem-2025 Adoption Surge

- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

Transition to the Account Aggregator Ecosystem

Faster Underwriting and Enhanced Credit Decisioning

Competitive Advantage and Industry-Wide Digital Transformation

India's financial sector is undergoing one of its most significant digital transformations with the rapid adoption of the Account Aggregator (AA) ecosystem in 2025. What began as a foundational framework for secure, consent-based data sharing has now evolved into a nationwide infrastructure embraced by banks, NBFCs, fintech lenders, and even insurers and wealth platforms. For NBFCs in particular, this surge represents a decisive shift toward faster, more transparent, and more reliable credit processes.

The AA framework is anchored in customer consent, interoperability, and stringent data protection. Borrowers can now share financial information - bank statements, GST data, investment records, and more - with a lender through a single, secure request.

With the RBI tightening technical guidelines in 2025 to reinforce encryption standards, consent artefact clarity, and audit trails, confidence in the system has grown substantially across the industry.

## 1. Faster Underwriting and Enhanced Credit Decisioning

One of the most immediate advantages for NBFCs is the drastic reduction in underwriting time. Access to verified, machine-readable financial data allows lenders to evaluate a customer's cash flows, liabilities, and risk indicators within seconds - replacing earlier processes that depended on pdf uploads, physical documents, or uncertain third-party data sources.

For MSMEs, which often struggle with documentation, AA-based data has become a game changer. NBFCs are now able to assess real-time business performance using GST and bank transaction data, leading to more accurate loan sizing, early-warning signals, and improved risk-based pricing. The shift is also reducing fraud, as tampered statements and identity mismatches are practically eliminated through direct data pulls from trusted financial information providers.

## 2. Strengthening Compliance, Data Governance, and Customer Trust

With customer data becoming increasingly sensitive, the AA ecosystem aligns perfectly with India's tightening regulatory expectations and the Digital Personal Data Protection Act (DPDPA). NBFCs must adhere to principles of data minimisation, purpose limitation, and explicit consent - standards naturally embedded in AA workflows.

Internal teams, especially compliance and IT, are recalibrating their systems to ensure secure storage, traceable data flows, and acceptable use policies for AA-derived information. As borrowers gain awareness of their rights and the power of digital consent, NBFCs using AA are able to demonstrate greater transparency and accountability, strengthening trust and customer satisfaction.

## 3. Competitive Advantage and Industry-Wide Digital Transformation

The 2025 adoption surge has already reshaped the competitive landscape. Early adopters are reporting higher conversion rates, reduced acquisition costs, and improved portfolio quality due to better data-driven decisioning. With regulators pushing for wider integration, participation in the AA network is quickly becoming a baseline expectation rather than a differentiator.

Looking ahead to 2026, the AA ecosystem is poised to become the backbone of India's credit architecture. NBFCs that invest early - not only in technology, but also in customer literacy and governance frameworks - will lead the next phase of sustainable, transparent, and inclusive digital lending.

***The Account Aggregator ecosystem is not just a data-sharing framework - it is the foundation of a more transparent, secure, and borrower-centric credit economy.***





**Mandatory Adoption of 1600-Series**

**Prevention of Financial Frauds**

**Compliance by January 1, 2026**

# Mandatory Adoption of 1600-Series Numbers by BFSI Sector

*- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group*

In a significant step towards strengthening the financial sector's defense against frauds perpetrated through voice calls and SMS, the Telecom Regulatory Authority of India (TRAI) has issued a Direction dated November 19, 2025, mandating the phase-wise adoption of the 1600-series numbering system by entities in the Banking, Financial Services, and Insurance (BFSI) sector. This move is aligned with the broader regulatory objective of enhancing customer trust and enabling clear identification of legitimate service and transactional communications originating from regulated financial institutions.

The Direction has been issued under the powers conferred upon TRAI by the Telecom Regulatory Authority of India Act, 1997, read with the provisions of the Telecom Commercial Communications Customer Preference Regulations, 2018, and is further supported by a Press Release issued by TRAI (Annex A). The initiative also draws direct reference from the Reserve Bank of India (RBI) Guideline dated January 17, 2025, titled "**Prevention of financial frauds perpetrated using voice calls and SMS - Regulatory prescriptions and Institutional Safeguards**". In this guideline, Regulated Entities (REs) were advised to migrate all transactional and service-related calls to the '1600' numbering series once operationalized.

**The 1600-series numbering framework** is designed to help citizens reliably distinguish genuine calls from regulated financial institutions from other commercial or potentially fraudulent communications. With rising incidents of impersonation and social engineering frauds, this standardized numbering system is expected to play a critical role in reinforcing consumer confidence and reducing financial fraud risks. TRAI has prescribed a clear phase-wise implementation timeline for mandatory adoption of the 1600-series by Supervised Entities (SEs), based on the nature and size of the institution. **Phase I, covering Commercial Banks** including Public Sector Banks, Private Sector Banks, and Foreign Banks, requires **compliance by January 1, 2026**.

**1600 Series Is Now Mandatory.**

**Phase II includes Large Non-Banking Financial Companies (NBFCs)** with asset size above ₹5,000 crore (as on March 31, 2025), Payments Banks, and Small Finance Banks, with a deadline of February 1, 2026. Phase III applies to remaining NBFCs with asset size equal to or below ₹5,000 crore, Primary (Urban) Co-operative Banks, Credit Information Companies, and Local Area Banks, who must complete adoption by March 1, 2026.

Given the systemic importance of this initiative, TRAI has emphasized the need for strict and timely compliance with both the adoption timelines and the associated operational conditions specified in the Direction. A coordinated and consistent approach across the BFSI sector is considered essential to build a resilient fraud-prevention ecosystem. Supervised Entities are also required to confirm the completion of the adoption process to their respective **Senior Supervisory Managers (SSMs)**.

This regulatory development marks a critical milestone in safeguarding customers and reinforcing trust in digital and telephonic financial communications across India.

**Key Takeaways**

- **Mandatory phase-wise adoption of 1600-series numbers for BFSI service and transactional calls to curb fraud.**
- **Clear compliance deadlines from January 1, 2026 to March 1, 2026, based on entity type and asset size.**
- **Supervised Entities must ensure timely implementation and confirm compliance to the Senior Supervisory Manager (SSM).**





# RBI Regulatory Framework-Key Directions Issued in 2025

- By Dinesh Gupta, Founder & Chief Consultant- DSB Law Group

## **Reserve Bank of India (All India Financial Institutions – Undertaking of Financial Services) Directions, 2025**

These Directions specify the range of financial services that AIFIs are permitted to undertake. They require prior board approval, appropriate risk assessment, and compliance with prudential safeguards before commencing any activity. Non-core or speculative services are restricted unless specifically permitted by RBI.

## **Reserve Bank of India (All India Financial Institutions – Prudential Norms on Capital Adequacy) Directions, 2025**

These Directions prescribe minimum capital adequacy requirements, including components of regulatory capital and risk-weighted assets. They aim to ensure that AIFIs maintain sufficient capital buffers to absorb losses. Periodic reporting and supervisory oversight by RBI are mandated.

## **Reserve Bank of India (All India Financial Institutions– Resource Raising Norms) Directions, 2025**

These Directions regulate the modes and limits of resource mobilisation by AIFIs, including borrowings and market instruments. They emphasise transparency, disclosures, and prudent end-use of funds. The objective is to ensure sustainable and stable funding structures.

## **Reserve Bank of India (All India Financial Institutions – Credit Risk Management) Directions, 2025**

These Directions lay down requirements for a comprehensive credit risk management framework. They cover credit appraisal, internal rating systems, monitoring, stress testing, and board oversight. The focus is on proactive identification and mitigation of credit risks.

## **Reserve Bank of India (All India Financial Institutions– Concentration Risk Management) Directions, 2025**

These Directions prescribe limits and controls to manage concentration risk across borrowers, groups, sectors, and geographies. AIFIs are required to monitor, report, and mitigate excessive exposures. The objective is to prevent build-up of systemic vulnerabilities.

## **Reserve Bank of India (All India Financial Institutions – Transfer and Distribution of Credit Risk) Directions, 2025**

These Directions regulate the transfer of credit risk through assignments, participation, and guarantees. They ensure that risk transfer is genuine and properly documented. Accounting treatment and capital implications are clearly specified.

## **Reserve Bank of India (All India Financial Institutions– Securitisation Transactions) Directions, 2025**

These Directions provide a framework for securitisation of assets by AIFIs. They emphasise due diligence, clean transfer of assets, and adequate disclosures. The intent is to promote transparency and avoid regulatory arbitrage.

## **Reserve Bank of India (All India Financial Institutions– Classification, Valuation and Operation of Investment Portfolio) Directions, 2025**

These Directions prescribe norms for classification, valuation, and operation of investment portfolios. They define income recognition and valuation methodologies. The framework enhances prudence and effective investment risk management.



## RBI Regulatory Framework - Key Directions Issued in 2025

### **Reserve Bank of India (All India Financial Institutions-Asset Liability Management) Directions, 2025**

These Directions require AIFIs to manage liquidity and interest rate risks through a structured ALM framework. They mandate maturity mismatch limits, stress testing, and ALCO oversight. The aim is to ensure balance sheet stability.

### **Reserve Bank of India (All India Financial Institutions-Income Recognition, Asset Classification and Provisioning) Directions, 2025**

These Directions define norms for income recognition, classification of assets, and provisioning for NPAs. They promote timely recognition of stress and adequate loss provisioning. Consistency with system-wide prudential standards is ensured.

### **Reserve Bank of India (All India Financial Institutions-Resolution of Stressed Assets) Directions, 2025**

These Directions provide a structured approach for early identification and resolution of stressed assets. They encourage time-bound resolution plans and continuous monitoring. Boards are held accountable for delays and outcomes.

### **Reserve Bank of India (All India Financial Institutions-Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025**

These Directions prescribe procedures for identification, classification, and reporting of wilful and large defaulters. They ensure due process and review mechanisms. The framework strengthens credit discipline across the financial system.

### **Reserve Bank of India (All India Financial Institutions-Financial Statements: Presentation and Disclosures) Directions, 2025**

These Directions standardise the presentation and disclosure of financial statements by AIFIs. They enhance transparency, comparability, and quality of disclosures. Risk exposures and contingencies must be clearly reported.

### **Reserve Bank of India (All India Financial Institutions-Know Your Customer) Directions, 2025**

These Directions lay down customer due diligence and anti-money laundering requirements. They mandate a risk-based KYC approach and ongoing monitoring. Alignment with national AML laws is ensured.

### **Reserve Bank of India (All India Financial Institutions-Responsible Business Conduct) Directions, 2025**

These Directions integrate ethical conduct, consumer protection, and ESG principles into operations. They require fair treatment of customers and effective grievance redress. Board-level oversight is mandated.

### **Reserve Bank of India (All India Financial Institutions-Managing Risks in Outsourcing) Directions, 2025**

These Directions regulate outsourcing of material activities by AIFIs. They require clear contracts, audit rights, and data security measures. Ultimate responsibility remains with the AIFI.

### **Reserve Bank of India (All India Financial Institutions-Miscellaneous) Directions, 2025**

These Directions cover residual regulatory and operational matters not addressed elsewhere. They provide clarifications and enabling provisions. They act as a supplementary regulatory framework.





## Asset Reconstruction Companies

## Commercial Banks

### Asset Reconstruction Companies, Nov 28, 2025

#### Reserve Bank of India (Asset Reconstruction Companies) Directions, 2025

These Directions consolidate the regulatory framework governing ARCs. They address governance, operations, prudential norms, and resolution practices. The objective is to enhance efficiency, transparency, and supervisory oversight.

#### Reserve Bank of India (Asset Reconstruction Companies – Credit Information Reporting) Directions, 2025

These Directions mandate reporting of borrower credit information by ARCs to CICs. They ensure data accuracy and timely correction of errors. This improves system-wide credit information quality.

#### Reserve Bank of India (Asset Reconstruction Companies-Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025

These Directions provide a framework for identifying and reporting wilful and large defaulters. They ensure due process and consistency with lender actions. The objective is coordinated credit discipline.

#### Reserve Bank of India (Asset Reconstruction Companies – Know Your Customer) Directions, 2025

These Directions prescribe KYC and AML norms applicable to ARCs. They adopt a risk-based approach for counterparties and transactions. Alignment with RBI's broader KYC framework is ensured.



### Commercial Banks, Nov 28, 2025

#### Reserve Bank of India (Universal Banks-Licensing) Guidelines, 2025

These Guidelines lay down the eligibility criteria, capital requirements, and licensing process for setting up universal banks in India. They emphasise fit-and-proper status of promoters, sound governance structures, and financial inclusion objectives. The framework aims to ensure orderly entry and long-term stability of new banks.

#### Reserve Bank of India (Setting Up of Wholly Owned Subsidiaries by Foreign Banks) Guidelines, 2025

These Guidelines provide a framework for foreign banks to operate in India through wholly owned subsidiaries. They prescribe capital adequacy, governance, and prudential norms comparable to domestic banks. The objective is to enhance financial stability and ensure a level playing field.

#### Reserve Bank of India (Commercial Banks-Acquisition and Holding of Shares or Voting Rights) Directions, 2025

These Directions regulate acquisition and holding of shares or voting rights in commercial banks. They prescribe thresholds beyond which RBI approval is mandatory. The framework prevents concentration of ownership and undue control.

#### Reserve Bank of India (Commercial Banks-Voluntary Amalgamation) Directions, 2025

These Directions govern voluntary mergers and amalgamations of commercial banks. They prescribe procedures, approvals, and safeguards for depositors and employees. The aim is to facilitate orderly consolidation in the banking sector.

#### Reserve Bank of India (Commercial Banks-Digital Banking Channels Authorisation) Directions, 2025

These Directions regulate authorisation of digital banking channels and digital-only offerings. They focus on cybersecurity, operational resilience, and customer protection. Board oversight and risk management are key requirements.





## RBI Regulatory Framework - Key Directions Issued in 2025



### **Reserve Bank of India (Commercial Banks-Undertaking of Financial Services) Directions, 2025 (Updated as on December 05, 2025)**

These Directions specify the financial services that commercial banks are permitted to undertake. They require board approval, risk evaluation, and compliance with prudential safeguards. Non-permissible or high-risk activities are restricted.

### **Reserve Bank of India (Commercial Banks-Governance) Directions, 2025**

These Directions strengthen governance standards in commercial banks. They define board composition, roles of directors, and functioning of committees. Accountability, independence, and risk oversight are central themes.

### **Reserve Bank of India (Commercial Banks-Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025 (Updated as on December 11, 2025)**

These Directions prescribe requirements for maintenance of CRR and SLR by banks. They support liquidity management and effective monetary policy transmission. Updated ratios are notified by RBI from time to time.

### **Reserve Bank of India (Commercial Banks-Prudential Norms on Capital Adequacy) Directions, 2025**

These Directions prescribe Basel-aligned capital adequacy norms for banks. They cover capital components, risk weights, and buffers. The objective is to ensure solvency and resilience against losses.

### **Reserve Bank of India (Commercial Banks-Resource Raising Norms) Directions, 2025**

These Directions regulate mobilisation of resources including deposits and market borrowings. They mandate transparency, prudential limits, and disclosure requirements. The framework ensures funding stability.

### **Reserve Bank of India (Commercial Banks-Interest Rate on Deposits) Directions, 2025**

These Directions govern fixation of interest rates on deposits. Banks are required to follow board-approved, transparent, and non-discriminatory policies. Depositor protection is a key focus.

### **Reserve Bank of India (Commercial Banks-Credit Cards and Debit Cards: Issuance and Conduct) Directions, 2025**

These Directions govern issuance, usage, billing, and customer conduct relating to cards. They strengthen disclosure standards and grievance redress mechanisms. Consumer protection is the primary objective.

### **Reserve Bank of India (Commercial Banks-Credit Information Reporting) Directions, 2025**

These Directions mandate accurate and timely reporting of credit data to Credit Information Companies. They provide mechanisms for rectification of errors and customer complaints. Credit discipline is strengthened.

### **Reserve Bank of India (Commercial Banks-Credit Risk Management)**

These Directions require banks to maintain a robust credit risk management framework. They cover appraisal standards, internal rating systems, monitoring, and stress testing. Board oversight is mandatory.

### **Reserve Bank of India (Commercial Banks-Concentration Risk Management) Directions, 2025**

These Directions prescribe limits and controls to manage concentration risk. Banks must monitor exposures across borrowers, groups, sectors, and geographies. The aim is to prevent systemic vulnerabilities.

### **Reserve Bank of India (Commercial Banks-Transfer and Distribution of Credit Risk) Directions, 2025**

These Directions regulate transfer of credit risk through loan assignments and risk participation. They ensure transparency, proper documentation, and correct capital treatment. Misuse of risk transfer structures is prevented.

### **Commercial Banks-Securitisation Transactions, Directions, 2025**

These Directions provide a regulatory framework for securitisation of assets. They emphasise clean transfer, due diligence, and adequate disclosures. The objective is safe development of the securitisation market.



## RBI Regulatory Framework - Key Directions Issued in 2025

### **Reserve Bank of India (Commercial Banks-Interest Rates on Advances) Directions, 2025**

These Directions regulate the methodology for fixing lending interest rates by commercial banks. They emphasise transparency, external benchmarking and uniform application. The objective is to ensure fair pricing and effective monetary transmission.

### **Reserve Bank of India (Commercial Banks - Classification, Valuation and Operation of Investment Portfolio) Directions, 2025**

These Directions prescribe norms for classification, valuation and management of banks' investment portfolios. They cover HTM, AFS and HFT categories and valuation principles. The objective is to ensure consistency, transparency and prudent investment practices.

### **Commercial Banks-Asset Liability Management, Directions, 2025**

These Directions lay down the framework for managing liquidity risk, interest rate risk and structural mismatches. They prescribe governance, monitoring tools and reporting requirements. The objective is to strengthen balance sheet resilience.

### **Reserve Bank of India (Commercial Banks - Income Recognition, Asset Classification and Provisioning) Directions, 2025**

These Directions specify norms for income recognition, asset classification and provisioning. They define NPA identification criteria and provisioning requirements. The objective is to ensure timely recognition of stress and financial soundness.

### **Commercial Banks - Resolution of Stressed Assets, Directions, 2025**

These Directions provide a comprehensive framework for early identification and resolution of stressed assets. They prescribe resolution plans, timelines and governance mechanisms. The objective is to minimise losses and preserve asset value.

### **Reserve Bank of India (Commercial Banks - Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025**

These Directions lay down procedures for identification and reporting of wilful and large defaulters. They provide for borrower accountability and regulatory action. The objective is to strengthen credit discipline and deterrence.

### **Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) Directions, 2025**

These Directions govern the format, presentation and disclosure of financial statements of banks. They aim to enhance transparency, comparability and stakeholder confidence. Alignment with regulatory and accounting standards is emphasised.

### **Reserve Bank of India (Commercial Banks - Prudential Norms on Declaration of Dividends and Remittance of Profit) Directions, 2025**

These Directions prescribe eligibility conditions and prudential safeguards for dividend declaration and profit remittance. They link payouts to capital adequacy, asset quality and supervisory compliance. The objective is to preserve financial stability.

### **Commercial Banks - Know Your Customer, Directions, 2025**

These Directions prescribe customer due diligence, risk categorisation and ongoing monitoring requirements. They aim to prevent money laundering and terrorist financing. A risk-based and technology-enabled approach is emphasised.

### **Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Directions, 2025**

These Directions set out principles for ethical conduct, fair treatment of customers and grievance redressal. They integrate consumer protection with governance standards. The objective is to promote trust and sustainability in banking.

### **Commercial Banks-Managing Risks in Outsourcing, Directions, 2025**

These Directions regulate outsourcing arrangements entered into by banks. They cover risk assessment, contractual safeguards, data security and oversight. The objective is to ensure operational resilience and customer protection.

### **Reserve Bank of India (Commercial Banks - Climate Finance and Management of Climate Change Risks) Directions, 2025**

These Directions require banks to identify, assess and manage climate-related financial risks. They also encourage financing of sustainable and climate-resilient activities. The objective is to improve long-term financial and environmental stability.



## Non-Banking Financial Companies (NBFCs)

### **Reserve Bank of India (Non-Banking Financial Companies - Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025**

These Directions prescribe the registration requirements, exemptions and scale-based regulatory framework for NBFCs. They classify NBFCs based on size and risk. The objective is proportionate regulation and systemic stability.

### **Reserve Bank of India (Non-Banking Financial Companies - Acquisition of Shareholding or Control) Directions, 2025**

These Directions regulate acquisition or transfer of shareholding and control in NBFCs. They prescribe approval requirements, thresholds and disclosures. The objective is to ensure fit and proper ownership.

### **Reserve Bank of India (Non-Banking Financial Companies - Voluntary Amalgamation) Directions, 2025**

These Directions lay down the framework for voluntary amalgamation of NBFCs. They specify procedural requirements, approvals and safeguards. The objective is to ensure orderly consolidation.

### **Reserve Bank of India (Non-Banking Financial Companies - Branch Authorisation) Directions, 2025**

These Directions govern opening, shifting and closure of NBFC branches. They prescribe eligibility conditions and reporting requirements. The objective is controlled expansion and supervisory oversight.

### **Reserve Bank of India (Non-Banking Financial Companies - Undertaking of Financial Services) Directions, 2025**

These Directions regulate the financial services that NBFCs may undertake. They prescribe permissible activities, restrictions and conditions. The objective is to prevent unregulated diversification.

### **Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025**

These Directions establish governance standards for NBFCs. They cover board composition, committees, fit and proper criteria and risk oversight. The objective is to strengthen accountability and decision-making.

### **Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Directions, 2025**

These Directions prescribe minimum capital adequacy ratios and risk weights for NBFCs. They align capital requirements with risk profiles. The objective is to ensure solvency and resilience.

### **NBFC- Acceptance of Public Deposits) Directions, 2025**

These Directions regulate acceptance of public deposits by NBFCs. They prescribe eligibility, limits, tenor and disclosure requirements. The objective is depositor protection.

### **Non-Banking Financial Companies-Credit Facilities) Directions, 2025**

These Directions lay down norms governing credit exposure, lending practices and borrower assessment. They emphasise board-approved credit policies. The objective is sound credit risk management.

### **Reserve Bank of India (Non-Banking Financial Companies - Credit Cards: Issuance and Conduct) Directions, 2025**

These Directions regulate issuance and conduct of credit cards by NBFCs. They focus on transparency, customer consent and grievance redressal. The objective is consumer protection.

### **Reserve Bank of India (Non-Banking Financial Companies - Credit Information Reporting) Directions, 2025**

These Directions prescribe reporting of credit information to credit information companies. They emphasise accuracy, timeliness and customer rights. The objective is reliable credit reporting.

### **Non-Banking Financial Companies-Credit Risk Management) Directions, 2025**

These Directions provide a framework for identifying, measuring and managing credit risk. They prescribe governance structures and monitoring mechanisms. The objective is risk containment.

### **Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Directions, 2025**

These Directions address risks arising from concentration of exposures. They prescribe limits, monitoring and stress testing. The objective is diversification and stability.



## Non-Banking Financial Companies (NBFCs)

### **Reserve Bank of India (Non-Banking Financial Companies-Transfer and Distribution of Credit Risk) Directions, 2025**

These Directions regulate transfer of credit risk through instruments such as guarantees and risk sharing arrangements. They prescribe prudential conditions and disclosures. The objective is risk transparency.

### **Reserve Bank of India (Non-Banking Financial Companies-Securitisation Transactions) Directions, 2025**

These Directions govern securitisation of assets by NBFCs. They prescribe minimum retention, due diligence and disclosure norms. The objective is to prevent originate-to-distribute risks.

### **Reserve Bank of India (Non-Banking Financial Companies-Classification, Valuation and Operation of Investment Portfolio) Directions, 2025**

These Directions prescribe norms for classification and valuation of investment portfolios. They ensure consistency and prudent valuation. The objective is balance sheet transparency.

### **Reserve Bank of India (Non-Banking Financial Companies-Asset Liability Management) Directions, 2025**

These Directions lay down the ALM framework for NBFCs. They address liquidity risk, interest rate risk and structural mismatches. The objective is financial stability.

### **Reserve Bank of India (Non-Banking Financial Companies-Income Recognition, Asset Classification and Provisioning) Directions, 2025**

These Directions prescribe norms for income recognition, asset classification and provisioning. They define NPA identification criteria. The objective is timely recognition of stress.

### **Reserve Bank of India (Non-Banking Financial Companies - Resolution of Stressed Assets) Directions, 2025**

These Directions provide a structured framework for resolution of stressed assets. They emphasise early intervention and time-bound resolution. The objective is value preservation.

### **Reserve Bank of India (Non-Banking Financial Companies-Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025**

These Directions lay down procedures for identification and reporting of wilful and large defaulters. They aim to enhance credit discipline and deterrence.

### **Reserve Bank of India (Non-Banking Financial Companies - Financial Statements: Presentation and Disclosures) Directions, 2025**

These Directions prescribe format and disclosure requirements for NBFC financial statements. They enhance transparency and comparability. The objective is informed stakeholder decision-making.

### **Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Declaration of Dividends) Directions, 2025**

These Directions prescribe conditions for declaration of dividends by NBFCs. They link payouts to capital adequacy and asset quality. The objective is prudential conservation of capital.

### **Reserve Bank of India (Non-Banking Financial Companies - Know Your Customer) Directions, 2025**

These Directions lay down customer due diligence and AML requirements. They adopt a risk-based approach. The objective is prevention of financial crimes.

### **Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Directions, 2025**

These Directions set standards for ethical conduct, customer fairness and grievance handling. They integrate consumer protection with governance principles. The objective is sustainable business conduct.

### **Reserve Bank of India (Non-Banking Financial Companies - Managing Risks in Outsourcing) Directions, 2025**

These Directions regulate outsourcing arrangements by NBFCs. They prescribe risk assessment, contractual safeguards and oversight. The objective is operational resilience.



## Non-Banking Financial Companies (NBFCs)

### Reserve Bank of India (Non-Banking Financial Companies - Climate Finance and Management of Climate Change Risks) Directions, 2025

These Directions require NBFCs to assess and manage climate-related financial risks. They also encourage climate-aligned financing. The objective is long-term sustainability.

### Reserve Bank of India (Housing Finance Companies) Directions, 2025

These Directions provide a consolidated regulatory framework for housing finance companies. They cover registration, governance, capital, credit and conduct norms. The objective is stable housing finance.

### Reserve Bank of India (Standalone Primary Dealers) Directions, 2025

These Directions regulate primary dealers in government securities. They prescribe eligibility, capital, risk management and conduct requirements. The objective is efficient debt market functioning.

### Reserve Bank of India (Core Investment Companies) Directions, 2025

These Directions govern core investment companies. They prescribe leverage limits, governance and capital requirements. The objective is to prevent excessive systemic risk.

### Reserve Bank of India (Non-Banking Financial Companies - Account Aggregator) Directions, 2025

These Directions regulate account aggregators operating in the financial system. They focus on consent-based data sharing and data security. The objective is safe financial data flow.

### Reserve Bank of India (Mortgage Guarantee Companies) Directions, 2025

These Directions regulate mortgage guarantee companies. They prescribe capital, exposure and risk management norms. The objective is stability in mortgage credit markets.

### Reserve Bank of India (Non-Banking Financial Companies - Peer to Peer Lending Platform) Directions, 2025

These Directions regulate P2P lending platforms. They prescribe operational, disclosure and risk management requirements. The objective is borrower and lender protection.

### Reserve Bank of India (Non-Banking Financial Companies - Microfinance Institution) Directions, 2025

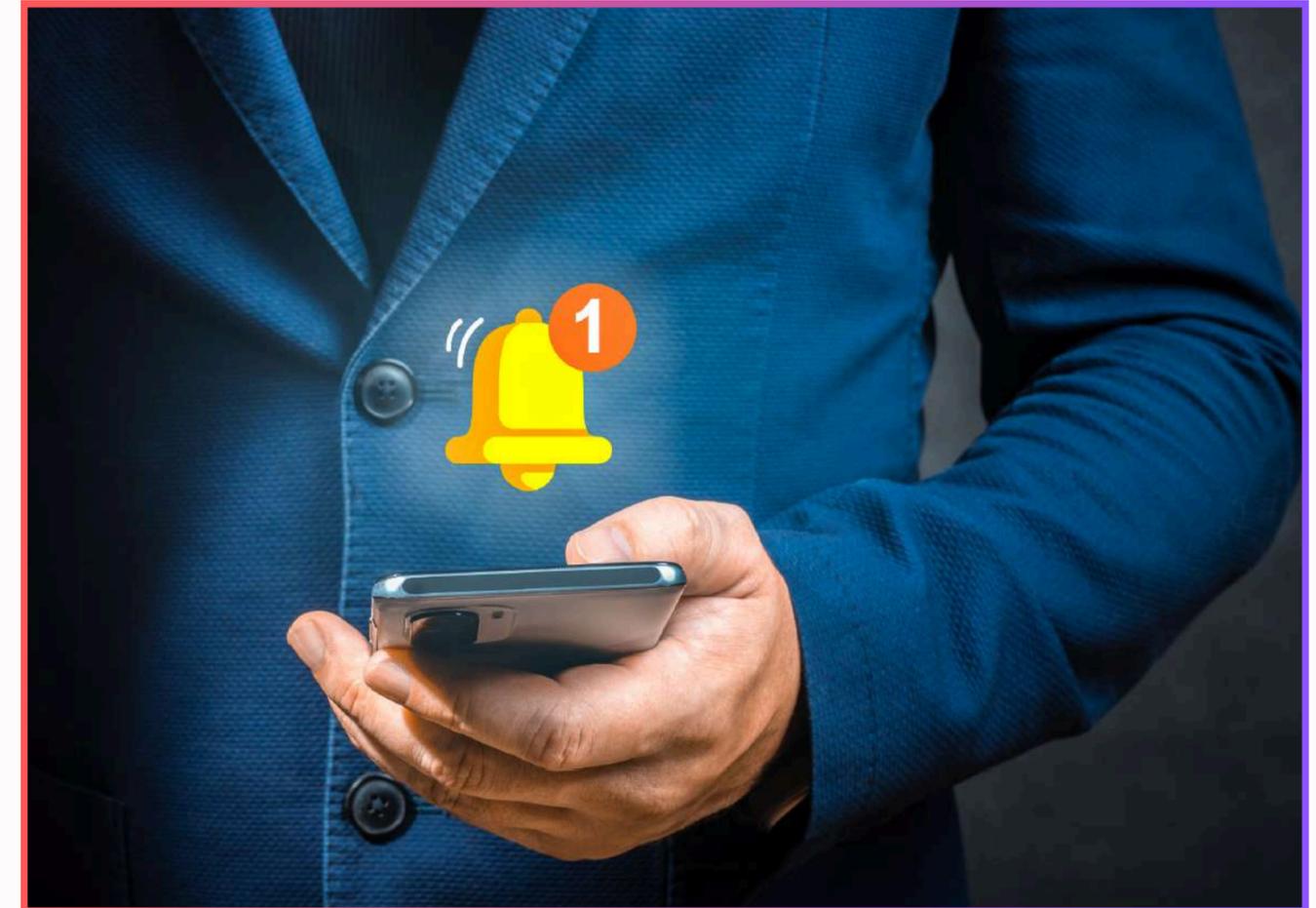
These Directions lay down regulatory norms for microfinance institutions. They cover pricing, borrower protection and governance. The objective is responsible microfinance.

### Reserve Bank of India (Non-Operative Financial Holding Companies) Directions, 2025

These Directions regulate NOFHCs in banking structures. They prescribe ownership, governance and prudential requirements. The objective is transparent bank ownership.

### Reserve Bank of India (Non-Banking Financial Companies - Miscellaneous) Directions, 2025

These Directions consolidate residual regulatory provisions for NBFCs. They address procedural and transitional issues. The objective is regulatory completeness.





NBFC Compliance Calender

December-2025

DEC-25	Income Tax/PF /ESIC		GST		RBI	
Dates	Return	Compliance	Return	Compliance	Return	Compliance
07-Dec	Monthly TCS Payment	Taxpayers collecting TCS for the month of Nov 25				
	Monthly TDS Payment	Taxpayers collecting TDS for the month of Nov 25				
10-Dec	Income Tax Return	Income Tax Returns for Non - Corporates who needs Audit and Corporates for FY 2024-25				
11-Dec			GSTR-1 Filing (Monthly):	For taxpayers with annual turnover > ₹1.5 crore or who have opted for monthly filing.		
13-Dec			Quarterly GSTR-1 IFF (QRMP scheme):	Filing for Nov 25 (Optional)		
15-Dec	ESI Challan	Employers registered under ESI Act for the month of Nov 25			DNBS-4B Return	Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return of Structural Liquidity & Interest Rate Sensitivity
	PF Challan (ECR)	Employers registered under EPF Act for the month of Oct 25				
	Advance Income tax	Advance Income tax for Oct to Dec 2025 (3rd Installment)				
20-Dec			GSTR-3B (Monthly)	For taxpayers with: Annual turnover > ₹5 crore, or Opted for monthly filing		
			GST (Quarterly Filers)	GST Challan Payment if no sufficient ITC for Nov 2025		
30-Dec	TDS Payment	TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for Nov 2025			DNBS08 – CRILC-Main	Base Layer NBFC with Asset Size of 500 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return for Large Credits & SMA
31-Dec	Belated and Revised Return	Due Date for Belated and Revised Income Tax Filing for FY 2024-25 for individuals, Non -Corporates and corporates.(Audit and Non-Audit)	GST Annual Return (GSTR-9, 9C)	All NBFC-Annual tax return submission for GST	Capital Adequacy Ratio (CAR ) Reporting	All NBFCs relating to reporting minimum Capital Adequacy Compliance
					AOC4	Filing of audited financial statements by Companies for FY 24-25
					MGt 7/7A	Filling for Companies & OPC for FY 2024-25





NBFC Compliance Calender

January-2026

Jan-26	Income Tax/PF /ESIC		GST		RBI	
Dates	Return	Compliance	Return	Compliance	Return	Compliance
07-Jan	Monthly TCS Payment	Taxpayers collecting TCS for the month of Dec 25				
	Monthly TDS Payment	Taxpayers collecting TDS for the month of Dec 25				
11-Jan			GSTR-1 Filing (Monthly):	For taxpayers with annual turnover > ₹1.5 crore or who have opted for monthly filing.		
13-Jan			Quarterly GSTR-1 (QRMP scheme):	Filing for Oct to Dec 25		
15-Jan	ESI Challan	Employers registered under ESI Act for the month of Dec 25			DNBS-4B Return	Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return of Structural Liquidity & Interest Rate Sensitivity
	PF Challan (ECR)	Employers registered under EPF Act for the month of Dec 25				
	TCS Return	TCS return in form 27EQ for Oct to Dec 25				
18-Jan			CMP 08	Filing for Oct-Dec 2025 quarter (Composition Scheme)		
20-Jan			GSTR-3B (Monthly)	For taxpayers with: Annual turnover > ₹5 crore, or Opted for monthly filing		
21-Jan					Financial Details Return (DNBS02)	Base Layer NBFC for Reporting financial position, asset classification, and liabilities
					DNBS-01, DNBS-03 Returns	Middle Layer and Upper Layer NBFC for financial performance, risk, and deposits
					DNBS-4A Return	Base Layer NBFC with Asset Size of 100 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity
					Return of Overseas Investments (DNBS13)	Base Layer NBFC For Overseas Investment
22-Jan			GSTR-3B	Filing for Oct-Dec 2025 quarter for South India		
24-Jan			GSTR-3B	Filing for Oct-Dec 2025 quarter for North India		
30-Jan	TDS Payment	TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for Dec 2025			DNBS08 - CRILC-Main	Base Layer NBFC with Asset Size of 500 Crore and Above & Middle Layer NBFC relating to Short term Dynamic Liquidity-Return for Large Credits & SMA
	Issue of TCS Certificates	Form 27D for Oct to Dec 2025				
31-Jan	TDS Return filling	Q3 of FY 2025-26 (Oct to Dec 25)				





# NBFC Compliance Calender

## Compliance Required

S No.	In addition to:	COMPLIANCE REQUIRED
1	Statutory Compliance Board Meetings	<b>All NBFC</b> -Quarterly meetings discussing regulatory updates-4 times a year as per Companies Act
2	FEMA Foreign Investment Reporting	<b>NBFCs with FDI</b> -Report any foreign direct investment (FDI) transactions to RBI on Monthly Basis as per FEMA and RBI FDI Guidelines
3	Customer Complaint Tracking	<b>All NBFC's</b> -Maintain records of customer grievances and resolutions as per RBI guidelines on Monthly Basis as per RBI Fair Practices Code
4	CERSAI Reporting (Central Registry of Securitization and Asset Reconstruction)	<b>NBFCs engaged in secured lending</b> -reporting securitization and asset reconstruction transactions on Weekly Basis as per SARFAESI Act
5	CKYC Uploads	<b>All NBFCs</b> onboarding new customers-Reporting new customer onboarding under Central KYC on Weekly Basis as per CKYC RBI Circular
6	FIU-IND Reporting (Suspicious Transaction Reporting – STR)	<b>All NBFCs</b> -Submission of suspicious transaction reports to FIU-IND on Weekly basis as per Prevention of Money Laundering Act
7	DNBS10 (Statutory Auditors Certificate)	<b>All NBFCs &amp; Asset Reconstruction Companies (ARCs)</b> - Confirmation of Compliance with RBI Norms -Within 5 days from the approval of financial Statement by the Board of Directors but not maximum by 31st of December, 2025
8	DNBS09 – CRILC-Weekly	<b>Base Layer NBFC with Asset Size of 500 Crore and Above, Middle Layer NBFCs</b> -Return for Large Credits & SMA to be filed on or before Wednesday of the following week

# Editorial & Contributor Panel



**Dinesh Gupta**  
Founder & Chief Consultant  
DSB Law Group



**CA Kanika Gupta**  
Chief Executive Officer  
DSB Law Group



**VK Sareen**  
Whole-time Director  
Credifin Ltd.



**Dr. Wishey Kataria**  
Corporate Governance Officer  
DSB Law Group



**CA Isha Gandhi**  
Chartered Accountant  
DSB Law Group

# DSB Law Group Pvt. Ltd.

Trusted Legal Advisors. Strategic Business Partners.

## A Legacy of Growth and Expertise

Founded in 1967 by Shri K.M. Gupta, DSB Law Group has evolved from a specialized taxation practice into a full-service legal and business advisory platform. Since 1984, under the guidance of Shri Dinesh Gupta, the firm has broadened its focus to include corporate law, banking, NBFC regulations, and governance frameworks, merging legal accuracy with strategic insight. With a commitment to innovation and adaptability, DSB Law Group has consistently stayed ahead of industry trends, ensuring that clients receive forward-thinking solutions tailored to their unique needs. This evolution reflects our dedication to not only understanding the complexities of law but also the dynamic nature of business environments.

Our team of seasoned professionals combines deep legal knowledge with industry-specific expertise, allowing us to offer bespoke solutions that drive success in an ever-changing landscape. Whether navigating intricate regulatory challenges or crafting strategies for expansion, we are partners in our clients' journeys, empowering them to achieve their fullest potential.

As we continue to grow, our mission remains clear: to provide unparalleled legal services that are as diverse as the clients we serve, ensuring their continued success and prosperity in all their endeavors.

Our solutions are not just legally sound—they are designed to create tangible value for clients by aligning with their business objectives and regulatory environment. We work with a wide range of enterprises, providing strategic counsel that enables operational clarity, regulatory compliance, and sustainable growth. With a proven track record of fostering growth, DSB has been instrumental in turning startups into success stories and helping large businesses scale new heights.

***At DSB Law Group, we are committed to excellence, integrity, and building enduring partnerships with the businesses we serve.***

### Editorial Board:

- 1. Dinesh Gupta, Chief Editor & Corporate Advisor**
- 2. CA Kanika Gupta, Chartered Accountant**
- 3. Dr. Wishey Kataria, PhD- Corporate Governance**

### For More Contact:

Ms. Leena, *Executive*

**T:** +91-8727914446

**E:** info@dsblawgroup

**W:** www.dsblawgroup.com