November 29, 2025

Reserve Bank of India issues function-wise master directions to rationalise regulatory instructions

As part of the latest step towards streamlining processes, the Reserve Bank of India ("**RBI**") has issued 238 function-wise master directions. These directions consolidate more than 9,000 existing circulars and guidelines and repeal such circulars/ guidelines. This exercise involves a systematic reorganisation of the instructions applicable to regulated entities in India.

As part of this initiative, specific directions and guidelines have been issued for the following categories of regulated entities: (a) commercial banks; (b) small finance banks; (c) payments banks; (d) local area banks; (e) regional rural banks; (f) urban co-operative banks; (g) rural co-operative banks; (h) all India financial institutions; (i) non-banking financial companies ("**NBFCs**"); (j) asset reconstruction companies; and (k) credit information companies.

In addition to the aforesaid, the RBI has also issued seven new master directions on Digital Banking Channels Authorisation.

Notably, the specific directions applicable to each regulated entity cross refers to other directions to the extent such other directions are not contradictory. For instance, in case of NBFCs, different directions have been issued on (i) acquisition of shareholding or control, (ii) governance, (iii) securitisation transactions, (iv) financial statements (presentations and disclosures), (v) asset liability management, (vi) know your customer, (vii) credit cards issuance and conduct, and (viii) voluntary amalgamation, and the relevant directions applicable to housing finance companies also cross refer to such additional directions for the purpose of ease of compliance.

Further, it appears that certain procedures clarifications have also been carried out in the current directions. To illustrate, while the applications pertaining to change of shareholding or control of NBFCs were currently being made through Pravaah portal, the relevant master directions (including the scale-based regulations) did not make a reference to the said portal. The current Reserve Bank of India (Non-Banking Financial Companies – Acquisition of Shareholding or Control) Directions, 2025 do refer to the Pravaah portal.

Notwithstanding the said repeal: (a) any action taken under the repealed directions, instructions, or guidelines ("**Repealed Law**") will continue to be governed by the provisions thereof; and (b) all approvals or acknowledgments granted under the Repealed Law will be governed by the new directions.

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