प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI invites comments on the Draft "Reserve Bank of India (Interest Rates on Loans and Advances) Directions, 2026"

In pursuance of the announcement made in the Statement on Developmental and Regulatory Policies dated August 05, 2026, the Reserve Bank of India has today issued the Draft Reserve Bank of India (Interest Rates on Loans and Advances) Directions, 2026 for public comments.

2. The Reserve Bank has issued various instructions from time to time on interest rates on loans and advances for regulated entities (REs), with the objectives of ensuring effective monetary policy transmission, appropriate pricing of credit risk, and fair and non-discriminatory treatment of borrowers.

At present, regulatory framework on interest rate on advances are applicable for Commercial Banks (including Small Finance Banks and Local Area Banks), covering, *inter alia*, instructions on internal and external benchmark-based lending frameworks for floating rate loans and determination of spreads over such benchmarks. Regulatory instructions on interest rates on loans and advances extended by other REs (i.e., Non-Banking Financial Companies, All India Financial Institutions, Regional Rural Banks, Urban Cooperative Banks, and Rural Cooperative Banks) are largely with regard to conduct related aspects. Further, with respect to Commercial Banks, divergent practices have been observed in certain aspects, including determination of MCLR (internal benchmark) and its components. In addition, the extant guidelines contain very limited regulatory instructions regarding fixed rate loans.

Accordingly, it is proposed to issue harmonised Directions for all REs, prescribing a broad, principles-based framework for the determination of interest rates on both fixed rate and floating rate loans, commensurate with the nature, complexity, and scale of the operations of the REs.

3. For the purpose of public consultation / feedback, a draft Direction applicable to all REs is being issued. Upon examination of the feedback received, final Directions will be issued separately for each category of RE.

4. The comments / feedback on the draft Directions may be submitted by the regulated entities and other stakeholders / members of public on or before **September 11, 2026** through the following channels:

i. The 'Connect 2 Regulate' section available on the Reserve Bank's website; or

ii. by email with the subject line 'Feedback on (full name of the draft Amendment Directions)'.

(Brij Raj)
Chief General Manager

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