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DoS.CO.PPG.49/11.01.005/2026-27 July 31, 2026

Reserve Bank of India (Regional Rural Banks - Miscellaneous) Supervisory Directions, 2026

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पर्यवेक्षण विभाग, भारतीय रिज़र्व बैंक, केंद्रीय कार्यालय, मेकर टावर-ई, 20वीं मंजिल, कफ परेड, कोलाबा, मुंबई-400 005
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In exercise of the powers conferred by Section 35-A read with Section 51 of the Banking Regulation Act, 1949, and all other provisions / laws enabling the Reserve Bank of India (‘RBI’) in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues these Directions hereinafter specified.

Chapter I - Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Regional Rural Banks - Miscellaneous) Supervisory Directions, 2026.

2. These Directions shall come into effect immediately upon issuance.

B. Applicability

3. These Directions shall be applicable to Regional Rural Banks (hereinafter collectively referred to as ‘RRBs’ and individually as ‘RRB’) as defined under Section 5(ja) of the Banking Regulation Act, 1949.

C. Definitions

4. All expressions used in these Directions, shall have the same meaning as have been assigned to them under the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the Companies Act, 2013, or any statutory modification or re-enactment thereto or other regulations issued by RBI or the Glossary of Terms published by RBI or as used in commercial parlance, as the case may be.

Chapter II - Fair Practices Code for Lenders - Charging of Interest

5. The RRB, in the interest of fairness and transparency, shall review its practices regarding mode of disbursal of loans, application of interest and other charges, charging of Equated Monthly Instalments (EMIs), and take corrective action, including system level changes, as may be necessary, to address the following unfair practices:

    (1) Charging of interest from the date of sanction of loan or date of execution of loan agreement and not from the date of actual disbursement of the funds to the customer. For loans being disbursed by cheque, charging of interest from the date of the cheque while handing over the cheque to the customer several days later.

    (2) Charging of EMIs on the sanctioned loan amount rather than on the actual disbursed amount, without the knowledge or consent of the borrower.

    (3) Any changes in the amortisation schedule originally provided in the Key Facts Statement (KFS), with each part-disbursement of loan, not being communicated to the borrowers.

    (4) In case of disbursal or repayment of loans during a month, charging of interest for the entire month, rather than charging interest only for the period for which the loan remains outstanding.

    (5) Collecting one or more instalments in advance but reckoning the full loan amount for charging of interest.

6. The above and other such non-standard practices of charging interest are not in consonance with the spirit of fairness and transparency while dealing with customers. These are matters of serious concern to RBI.

7. The RRB may use online account transfers in lieu of cheques for loan disbursal.

Chapter III - Frauds in Loans and Advances

8. Wherever there is a prima-facie case against the loan dealing officials of the RRB, appropriate action in terms of Central Vigilance Commission guidelines, for their inclusion in the list of officers with doubtful integrity, shall be initiated by the RRB in consultation with the Central Bureau of Investigation.

Chapter IV - Repeal and Other Provisions

A. Repeal and Saving

9. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to the areas covered in these Directions as applicable to Regional Rural Banks stand repealed, as communicated vide circular no. DoS.CO.PPG.66/11.01.005/2026-27 dated July 31, 2026. The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

10. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions. Further, the repeal of these directions, instructions, or guidelines shall not in any way prejudicially affect:

    (1) any right, obligation or liability acquired, accrued, or incurred thereunder;

    (2) any penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder;

    (3) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture or punishment may be imposed as if those directions, instructions, or guidelines had not been repealed.

B. Application of Other Laws Not barred

11. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.

C. Interpretations

12. For the purposes of giving effect to the provisions of these Directions or for removing any difficulties in their application or interpretation, RBI may, if it deems necessary, issue such clarifications as it considers appropriate in respect of any matter covered herein. The interpretation of any provision of these Directions by RBI shall be final and binding on all concerned entities.

(Tarun Singh)
Chief General Manager