

RBI invites public comments on the Draft “Reserve Bank of India (Local Area Banks – Lending to Related Parties) Directions, 2025”

Date: October 03, 2025

Public consultation no. C2R/2025-26/32

Lending to counterparties who are related or connected to the lenders either through ownership stake in the lending entity or through their ability to control and influence the lending decisions entail conflict of interest or moral hazard issues for the lenders. The [draft Directions](#) being issued provide a harmonised, principle-based framework to be adopted by REs for managing such risks, suitably rationalising the existing provisions.

Additional comments or any attachments may also be submitted by email at feedbackcrg@rbi.org.in.

Last date for submission of comments is October 31, 2025.

Draft Directions: [PDF\(493.9 KB\)](#)