

**Draft Reserve Bank of India (All India Financial Institutions - Governance)
Directions**

DRAFT FOR COMMENTS

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Directions**

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In exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934, 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 to do so, hereby issues the Directions hereinafter specified.

Chapter I - Preliminary

A. Short title and commencement

1. These Directions shall be called the Master Direction - Reserve Bank of India (All India Financial Institutions - Governance) Directions, 2025.
2. These Directions shall come into force with immediate effect.

B. Applicability

3. These Directions shall be applicable to All-India Financial Institutions namely Export-Import Bank of India ('EXIM Bank'), National Bank for Agriculture and Rural Development ('NABARD'), Small Industries Development Bank of India ('SIDBI'), National Housing Bank ('NHB') and National Bank for Financing Infrastructure and Development ('NaBFID'), hereinafter collectively referred to as 'AIFIs' and individually as an 'AIFI', to the extent the directions contained herein are not inconsistent with the statutory provisions or instructions issued thereunder.

C. Definitions

4. In these directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below:
 - (1) 'Director' means a director appointed on the Board of an AIFI.
5. All other expressions, unless defined herein, shall have the same meaning as have been assigned to them under the Reserve Bank of India Act, 1934, or any statutory modification or re-enactment thereto, or Glossary of Terms published by RBI or as used in common or commercial parlance, as the case may be.

Chapter II – Committees of the Board

A. Audit Committee of the Board

6. An AIFI shall set up an apex Audit Committee of the Board (ACB) consisting of about five Directors; one or more of such Directors shall be Chartered Accountants or have experience in management, finance, accountancy and audit systems etc.

Provided that directors representing staff, if any, shall not be included in the ACB.

7. The ACB shall meet, at least, once a quarter but not less than six times a year.
8. The functions of ACB may include, *inter alia*, the following:
 - (i) providing direction as also overseeing the operation of the total audit functions of the AIFI. Total audit function implies the organisation, operationalisation and quality control of internal audit and inspection within the AIFI and follow-up on the statutory/ external audit of the AIFI and inspections of RBI;
 - (ii) reviewing the internal inspections/ audit function in the institution - the system, its quality and its effectiveness in terms of follow-up. It shall also focus on the follow-up on frauds and major areas of house-keeping;
 - (iii) following up on all the issues raised in the statutory audit reports. It shall interact with the external auditors before the finalisation of the annual/semi-annual financial accounts and reports; and
 - (iv) following up all the issues/ concerns raised in the inspection reports of RBI.

Chapter III – Repeal and other provisions

A. Repeal and saving

9. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Governance as applicable to All-India Financial Institutions stand repealed, as communicated vide notification dated XX, 2025. 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.

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 purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.