भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2025-26/___
DOR.CAP.REC.No.XX/21.01.002/2025-26 January 13, 2026

All Mortgage Guarantee Companies (MGCs)

Dear Sir / Madam,

Reserve Bank of India (Mortgage Guarantee Companies) Amendment Directions, 2026 – Draft for Comments

The Reserve Bank had issued the Reserve Bank of India (Mortgage Guarantee Companies) Directions, 2025 (hereafter referred as the 'Master Direction'), on November 28, 2025, as amended from time to time. There is a need to further amend the same to provide clarification on the components reckoned in the computation of Owned Fund, as well as to review the definition of Tier 1 capital being reckoned for complying with extant credit / investment concentration norms.

2. Accordingly, in exercise of the powers conferred under section 45JA of Reserve Bank of India Act, 1934 (Act 2 of 1934), and of all powers enabling it in this behalf, the Reserve Bank having considered it necessary in the public interest and being satisfied that, for the purpose of enabling it to regulate the financial system to the advantage of the country and to prevent the affairs of any Mortgage Guarantee Company (MGC) from being conducted in a manner detrimental to the interest of investors or in any manner prejudicial to the interest of such MGCs, hereby, issues the following Amendment Directions.

3. These Directions shall be called the Reserve Bank of India (Mortgage Guarantee Companies) Amendment Directions, 2026.

4. These Amendment Directions shall come into force with immediate effect.

5. These Amendment Directions modify the Master Direction as under:

(1) Paragraph 8(25) shall be replaced by:

“8(25) “owned fund" means paid up equity capital, free reserves *including quarterly profits,* contingency reserves maintained as per paragraph 14(a) of these Directions, balance in share premium account, and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

Inclusion of quarterly profits shall be subject to the following conditions:

(a) *The financial statements shall be subjected to limited review on a quarterly basis by the statutory auditors.*

(b) *Such profits shall be reduced by average dividend paid in the last three years and the amount which can be reckoned for inclusion would be arrived at as under:*

$EP_t = NP_t - 0.25 * D * t$

Where:

EP_t *= Eligible profit up to quarter ‘t’ of the current financial year, t varies from 1 to 4*

NP_t *= Net profit up to quarter ‘t’*

D = average dividend paid during the last three years

Losses in the current year shall be fully deducted from Owned Fund.

A MGC shall not be required to deduct a Right-of-Use (ROU) asset (created in terms of Ind AS 116-Leases) from Owned Fund, provided the underlying asset being taken on lease is a tangible asset.”

(2) The following paragraphs shall be inserted after sub paragraph 41(2):

“41(3) The applicable Tier 1 Capital for compliance with the norms stated in sub-paragraphs 41(1) and 41(2) above, shall be determined based on the MGC’s latest available financial statements (audited or subject to limited review).

41(4) The term “Tier 1 Capital” in this context shall be as defined in paragraph 8(31) of the Master Directions.”

Yours faithfully,

Sunil T S Nair
Chief General Manager