

RBI invites public comments on the Draft “Reserve Bank of India (Scheduled Commercial Banks - Capital Charge for Credit Risk – Standardised Approach) Directions, 2025”

Date: October 07, 2025

Public consultation no. C2R/2025-26/39

The proposed [Directions](#) seek to implement one of the key elements of the global reforms implemented by the Basel Committee on Banking Supervision (BCBS), suitably tailored to the Indian context. The Directions amend the existing standardised approach framework for calculating the capital charge for credit risk with the objective of enhancing its robustness, granularity, and risk sensitivity.

The major revisions include:

- i) nuanced and granular risk weight treatment for exposures to corporates, MSMEs and real estate;
- ii) inclusion of ‘transactors’ under regulatory retail category, where transactors are credit cards with timely repayments during the previous 12 months;
- iii) revision in the credit conversion factors for reckoning the exposure for off-balance sheet exposures;
- iv) suitable adjustments to the risk weights applied to loans rated by credit rating agencies, depending on the default history of such loans for each rating agency, and due diligence by banks.

Overall, the proposed changes are estimated to have a positive impact on the minimum regulatory capital requirements of banks, with certain segments such as MSMEs, real estate and credit cards exposures being particularly benefited.

Last date for submission of comments is November 30, 2025.

Draft Directions: [PDF \(907.83 KB\)](#)