

Draft Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025

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Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025

Table of Contents

Chapter I - Preliminary	2
Chapter II - Prudential Norms applicable to all NBFCs	5
Chapter III - Additional Prudential Norms applicable to an NBFC classified as NBFC – Base Layer (NBFC – BL)	13
Chapter IV - Additional Prudential Norms applicable to a NBFC classified as NBFC– Middle Layer (NBFC–ML)	16
Chapter V - Additional Prudential Norms applicable to a NBFC classified as NBFC– Upper Layer (NBFC–UL)	18
Chapter VI - Repeal and Other Provisions	20

Introduction

Reserve Bank is statutorily mandated to operate the credit system of the country to its advantage. In line with the international practices and as per the recommendations made by the Committee on the Financial System (Chairman Shri M. Narasimham), the Reserve Bank of India has introduced, in a phased manner, prudential norms for income recognition, asset classification and provisioning for the advances portfolio of Regulated Entities (REs) so as to move towards greater consistency and transparency in the published accounts.

In exercise of powers conferred by Sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, and Section 6 of the Factoring Regulation Act, 2011, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues these Directions hereinafter specified.

Chapter I - Preliminary

1. Short title and commencement

- (1) These directions shall be called the Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025.
- (2) These directions shall come into force with immediate effect.

2. Applicability

- (1) The provisions of these directions shall apply to Non-Banking Finance Companies (hereinafter collectively referred to as 'NBFCs' and individually as a 'NBFC'), excluding Housing Finance Companies (HFCs).
- (2) An NBFC which is required to comply with Indian Accounting Standards (IndAS) shall continue to be guided by the Standards and the advisories issued by the Institute of Chartered Accountants of India (ICAI Advisories) in case of any inconsistencies between these Directions and the Standards.
- (3) An NBFC shall also follow the prudential guidelines on income recognition, asset classification and provisioning of advances for restructured accounts as prescribed in the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025, in addition to these Directions.

- (4) A Housing Finance Company shall also follow the income recognition, asset classification and provisioning requirements contained in the Reserve Bank of India (Housing Finance Company) Directions, 2025, and the instructions contained therein shall prevail in the event of conflict, if any, with these Directions.
- (5) A Microfinance Institution registered with the Reserve Bank shall follow the income recognition, asset classification and provisioning requirements contained in the Reserve Bank of India (Non-Banking Financial Companies – Microfinance Institution) Directions, 2025, and the instructions contained therein shall prevail in the event of conflict, if any, with these Directions.
- (6) A Mortgage Guarantee Company registered with the Reserve Bank shall follow the income recognition, asset classification and provisioning requirements contained in the Reserve Bank of India (Mortgage Guarantee Companies) Directions, 2025, and the instructions contained therein shall prevail in the event of conflict, if any, with these Directions.
- (7) A Core Investment Company registered with the Reserve Bank shall follow the income recognition, asset classification and provisioning requirements contained in the Reserve Bank of India (Core Investment Companies) Directions, 2025, and the instructions contained therein shall prevail in the event of conflict, if any, with these Directions.

3. Definitions

- (1) In these Directions, unless the context states otherwise, the terms herein shall bear the meaning assigned to them below:
- (i) '*loss asset*' shall mean either of the following:
- (a) an asset which has been identified as loss asset by the NBFC or its internal or external auditor or by the Reserve Bank during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC;
 - (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-

availability of security or due to any fraudulent act or omission on the part of the borrower.

(ii) '*overdue*' status – any amount due to a regulated entity under any credit facility shall be treated as 'overdue' if it is not paid on the due date fixed by the NBFC.

(iii) '*standard asset*' shall mean the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

(iv) '*Wilful Defaulter*' shall mean the same as defined under Reserve Bank of India (Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025.

(2) The definitions of the terms Micro Enterprises, Small Enterprises, and Medium Enterprises shall be in terms of the circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020 on 'Credit flow to Micro, Small and Medium Enterprises Sector' as updated from time to time.

(3) The terms '*Commercial Real Estate (CRE)*', '*Commercial Real Estate – Residential Housing Sector (CRE - RH)*', '*project finance*', '*DCCO*', and '*financial closure*' shall have the same meaning assigned to them in the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025.

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

Chapter II - Prudential Norms applicable to all NBFCs

4. Prudence in Lending and Consumer Education

(1) An NBFC shall comply with the following instructions in respect of all loans sanctioned on or after December 31, 2021:

- (i) The exact due dates for repayment of a loan, frequency of repayment, breakup between principal and interest, examples of dates of classification as special mention account / non-performing asset, etc. shall be clearly specified in the loan agreement.
- (ii) The borrower shall be apprised of the same at the time of loan sanction and also at the time of subsequent changes, if any, to the sanction terms / loan agreement till full repayment of the loan.
- (iii) In cases of loan facilities with moratorium on payment of principal and / or interest, the exact date of commencement of repayment shall also be specified in the loan agreements.

(2) In case of loans sanctioned before December 31, 2021, compliance to the instructions in sub-paragraph (1) shall be ensured as and when such loans become due for renewal / review.

(3) An NBFC shall implement the following instructions to increasing awareness among the borrowers:

- (i) place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, special mention account and non-performing asset classification and upgradation, with specific reference to day-end process;
- (ii) consider displaying such consumer education literature in its branches by means of posters and / or other appropriate media;
- (iii) ensure that front-line officers educate borrowers about all these concepts, with respect to loans availed by them, at the time of sanction / disbursal / renewal of loans.

- (4) An NBFC shall flag a borrower account as overdue, if so, as part of their day-end processes for the due date, irrespective of the time of running such processes.
- (5) Similarly, classification of borrower accounts as SMA as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. Thus, the date of SMA / NPA shall reflect the asset classification status of an account at the day-end of that calendar date.

Illustration: If due date of a loan account is March 31, 2021, and full dues are not received before the NBFC runs the day-end process for this date, the date of overdue shall be March 31, 2021. If it continues to remain overdue, then this account shall get tagged as SMA-1 upon running day-end process on April 30, 2021 i.e. upon completion of 30 days of being continuously overdue. Accordingly, the date of SMA-1 classification for that account shall be April 30, 2021.

Similarly, if the account continues to remain overdue, it shall get tagged as SMA-2 upon running day-end process on May 30, 2021 and if continues to remain overdue further, it shall get classified as NPA upon running day-end process on June 29, 2021.

5. Asset Classification

- (1) The instructions in this Paragraph shall not apply to the microfinance loan portfolio of a NBFC-Microfinance Institution.
- (2) An NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease / hire purchase assets, loans and advances and any other forms of credit into the following classes: (i) Standard assets; (ii) Sub-standard assets; (iii) Doubtful assets; and (iv) Loss assets. The above asset classification shall also follow the requirements contained in the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 for cases of resolution of stressed loans and advances.

- (3) The class of assets referred to in sub-paragraph (2) shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation as laid out in the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025.
- (4) Asset classification shall be borrower-wise and not facility-wise. All the facilities granted by an NBFC to a borrower and investment in all the securities issued by the borrower shall have to be treated as NPA / NPI and not the particular facility / investment or part thereof which has become irregular.
- (5) Loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower.
- (6) In case of borrowers having more than one credit facility, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.
- (7) With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations (DCCO), etc., the instructions contained in the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 shall be applicable in addition to compliance with these directions.
- (8) The asset classification and provisioning requirements in respect of transactions involving transfer of loans shall be as per the Reserve Bank of India (Non-Banking Financial Companies – Transfer and Distribution of Credit Risk) Directions, 2025.

6. Provisioning Requirements

- (1) The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.
- (2) An NBFC (excluding microfinance loan portfolio of a NBFC-MFI) shall, after taking into account the time lag between an account becoming nonperforming, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets.

(3) Project Finance

- (i) For project finance exposures, an NBFC shall maintain a general provision at the following rates for the funded outstanding on a portfolio basis:

	Construction Phase	Operational Phase – after commencement of repayment of interest and principal
CRE	1.25%	1.00%
CRE-RH	1.00%	0.75%
All others	1.00%	0.40%

- (ii) For accounts which have availed DCCO deferment and are classified as 'standard', an NBFC shall maintain additional specific provisions as per the Reserve Bank of India (Non-Banking Financial Company – Resolution of Stressed Assets) Directions, 2025.
- (iii) The provisions stipulated in Sl. Nos. (ii) and (iii) shall not be applicable for projects where financial closure has been achieved as on October 1, 2025, and such project loans shall continue to be guided by the prudential guidelines prevailing before October 1, 2025 for the purpose of provisioning, which otherwise shall be treated as repealed.
- (iv) Notwithstanding Sl. No. (iv), in case of any resolution of a fresh credit event and / or change in material terms and conditions in the loan contract in such projects, subsequent to October 1, 2025, the provisions stipulated in Sl. Nos. (ii) and (iii) shall apply to these projects as if these were sanctioned post October 1, 2025.
- (4) Provisioning norms for Liquidity facility provided for Securitisation transactions – The amount of liquidity facility drawn and outstanding for more than ninety days, in respect of securitisation transactions undertaken in terms of the Reserve Bank of India (Non-Banking Financial Companies – Securitisation Transactions) Directions, 2021, shall be fully provided for.
- (5) The provisioning requirement for NPAs (excluding microfinance loan portfolio of NBFC-MFI) in respect of loans, advances and other credit facilities including bills purchased and discounted as well as project loans shall be as under:

(i) Sub-standard assets – A general provision of ten percent of total outstanding shall be made.

(ii) Doubtful Assets:

(a) Hundred percent provision to the extent to which the advance is not covered by the realisable value of the security to which the NBFC-BL has a valid recourse shall be made. The realisable value is to be estimated on a realistic basis;

(b) In addition to (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realisable value of the outstanding) shall be made on the following basis:

Period for which the asset has been considered as doubtful	Provision
Up to one year	20%
One to three years	30%
More than three years	50%

(iii) Loss Assets – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for.

(6) The provisioning requirements in respect of hire purchase and leased assets shall be as under:

(i) In respect of hire purchase assets, the total dues (overdue and future instalments taken together) as reduced by the following components shall be provided for.

(a) the finance charges not credited to the profit and loss account and carried forward as unmatured finance charges;

(b) the depreciated value of the underlying asset.

(ii) For the purpose of Sl. No. (i), the depreciated value of the asset shall be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of twenty percent per annum on a straight-line

method. Also, in the case of second-hand asset, the original cost shall be the actual cost incurred for acquisition of such second-hand asset.

(iii) In respect of hire purchase and leased assets, additional provision shall be made as under:

(i)	Where hire charges or lease rentals are overdue up to 12 months	Nil
(ii)	Where hire charges or lease rentals are overdue for more than 12 months up to 24 months	10% of the net book value
(iii)	Where hire charges or lease rentals are overdue for more than 24 months but up to 36 months	40% of the net book value
(iv)	Where hire charges or lease rentals are overdue for more than 36 months but up to 48 months	70% of the net book value
(v)	Where hire charges or lease rentals are overdue for more than 48 months	100% of the net book value

(iv) On expiry of a period of 12 months after the due date of the last instalment of hire purchase / leased asset, the entire net book value shall be fully provided for.

(v) The amount of caution money / margin money or security deposits kept by the borrower with the NBFC in pursuance of the hire purchase agreement may be deducted against the provisions stipulated in Sl.No. (i) above, if not already taken into account while arriving at the equated monthly instalments under the agreement.

(vi) The value of any other security available in pursuance to the hire purchase agreement shall be deducted only against the provisions stipulated under Sl. No. (iii) above.

(vii) The amount of security deposits kept by the borrower with the NBFC in pursuance to the lease agreement together with the value of any other security available in pursuance to the lease agreement shall be deducted only against the provisions stipulated under Sl. No. (iii) above.

(viii) Income recognition on and provisioning against NPAs are two different aspects of prudential norms and provisions as per the norms are required to be made on NPAs on total outstanding balances including the depreciated book value of the leased asset under reference after

adjusting the balance, if any, in the lease adjustment account. The fact that income on an NPA has not been recognised shall not be taken as reason for not making provision.

(ix) All financial leases written on or after April 1, 2001 shall attract the provisioning requirements as applicable to hire purchase assets.

(7) An NBFC required to comply with Indian Accounting Standards (IndAS) shall hold impairment allowances as required by Ind AS. In parallel, the NBFC shall also maintain the asset classification and compute provisions as per these Directions including standard asset provisioning, borrower / beneficiary wise classification, provisioning for standard as well as restructured assets, NPA ageing, etc., which shall act as the prudential floor for provisioning requirements.

(8) Where impairment allowance under Ind AS 109 is lower than the prudential floor, the NBFC shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, Reserve Bank of India.

(9) The appropriation specified in sub-paragraph (9) shall be considered for the computation of the prudential floor, but shall not be reckoned for calculating net NPAs.

7. Income Recognition

(1) The income recognition shall be based on recognised accounting principles.

(2) Income including interest / discount / hire charges / lease rentals or any other charges on NPA shall be recognised only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.

(3) In cases of loans where moratorium has been granted for repayment of interest, income may be recognised on accrual basis for accounts which continue to be classified as 'standard'. This shall be evaluated against the definition of

'restructuring' provided in Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025.

- (4) If loans with moratorium on payment of interest (permitted at the time of sanction of the loan) become NPA after the moratorium period is over, the capitalized interest corresponding to the interest accrued during such moratorium period need not be reversed.

8. Disclosure Requirements

An NBFC shall make suitable disclosures in their Notes to Accounts as per the requirements contained in the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

Chapter III - Additional Prudential Norms applicable to an NBFC classified as NBFC – Base Layer (NBFC – BL)

9. Asset Classification

- (1) These requirements shall be in addition to the instructions contained in Paragraph 5.
- (2) Non-Performing Asset (NPA) shall mean one or more of the following assets:
 - (i) an asset, in respect of which, interest has remained overdue for a period of more than one-hundred and eighty days;
 - (ii) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than one-hundred and eighty days or on which interest amount remained overdue for a period of more than one-hundred and eighty days;
 - (iii) a demand or call loan, which remained overdue for a period of more than one-hundred and eighty days from the date of demand or call or on which interest amount remained overdue for a period of more than one-hundred and eighty days;
 - (iv) a bill which remains overdue for a period of more than one-hundred and eighty days;
 - (v) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short-term loans / advances, which facility remained overdue for a period of more than one-hundred and eighty days;
 - (vi) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than one-hundred and eighty days;
 - (vii) the lease rental and hire purchase instalment, which has become overdue for a period of more than one-hundred and eighty days;

Provided that in the case of lease and hire purchase transactions, an applicable NBFC shall classify each such account on the basis of its record of recovery.

- (viii) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower / beneficiary when any of the above credit facilities becomes non-performing asset.
- (3) The period of more than 180 days for NPA classification as in sub-paragraph (2) stands changed to the overdue period of more than 90 days for applicable NBFCs with the following glide path:

NPA Norms	Timeline
>150 days overdue	By March 31, 2024
>120 days overdue	By March 31, 2025
> 90 days	By March 31, 2026

Explanation: The above glide path will not be applicable to NBFCs which are already required to follow the 90-day NPA norm.

- (4) Sub-standard asset shall mean either of the following:
- (i) an asset which has been classified as non-performing asset for a period not exceeding 18 months;
 - (ii) an asset, where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
- (5) Doubtful asset shall mean (i) a term loan, or (ii) a lease asset, or (iii) a hire purchase asset, or (iv) any other asset, which remains a sub-standard asset for a period exceeding 18 months.

10. Provisioning Requirements

- (1) These requirements shall be in addition to the instructions contained in Paragraph 6.
- (2) An NBFC-BL shall make provision for standard assets at 0.25 percent of the outstanding, which shall not be reckoned for arriving at net NPAs.

- (3) Without prejudice to the instructions contained in the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025 to a NBFC, hire purchase / leased asset which has been renegotiated or rescheduled as referred to in Sl. No. (ii) of paragraph 9(2) shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement as a doubtful asset or a loss asset as the case may be. Necessary provision shall be made as applicable to such asset till it is upgraded.

Chapter IV - Additional Prudential Norms applicable to a NBFC classified as NBFC–Middle Layer (NBFC–ML)

11. Asset Classification

- (1) These requirements shall be in addition to the instructions contained in Paragraph 5.
- (2) For an NBFC-ML, an asset shall be non-performing asset (NPA) if any of the following conditions are satisfied:
 - (i) an asset, in respect of which, interest has remained overdue for a period of more than ninety days;
 - (ii) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than ninety days or on which interest amount remained overdue for a period of more than ninety days;
 - (iii) a demand or call loan, which remained overdue for a period of more than ninety days from the date of demand or call or on which interest amount remained overdue for a period of more than ninety days;
 - (iv) a bill which remains overdue for a period of more than ninety days;
 - (v) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short-term loans/advances, which facility remained overdue for a period of more than ninety days;
 - (vi) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than ninety days;
 - (vii) the lease rental and hire purchase instalment, which has become overdue for a period of more than ninety days;

Provided that an NBFC-ML shall classify each such account on the basis of its record of recovery.
 - (viii) the balance outstanding under the credit facilities (including accrued interest) in respect of loans, advances and other credit facilities (including bills purchased and discounted), made available to the same

borrower/beneficiary when any of the above credit facilities becomes non-performing asset.

(3) Sub-standard asset shall mean either of the following:

- (i) an asset which has been classified as non-performing asset for a period not exceeding 12 months;
- (ii) an asset, where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

(4) Doubtful asset shall mean (i) a term loan, or (ii) a lease asset, or (iii) a hire purchase asset, or (iv) any other asset, which remains a sub-standard asset for a period exceeding twelve months.

12. Provisioning Requirements

- (1) These requirements shall be in addition to the instructions contained in Paragraph 6.
- (2) An NBFC-ML shall make provisions for standard assets at 0.40 percent of the outstanding, which shall not be reckoned for arriving at net NPAs.

Explanation: The above rate of standard asset provisioning shall be applicable in respect of microfinance loans as well.

Chapter V - Additional Prudential Norms applicable to a NBFC classified as NBFC–Upper Layer (NBFC–UL)

13. Asset Classification

The requirements contained in Paragraph 11 shall apply *mutatis mutandis* to a NBFC-UL in addition to the instructions contained in Paragraph 5.

14. Provisioning Requirements

- (1) These requirements shall be in addition to the instructions contained in Paragraph 6.
- (2) An NBFC-UL shall maintain provisions in respect of 'standard' assets at the following rates for the funded amount outstanding:

Category of Assets	Rate of Provision
Individual housing loans and loans to Small and Micro Enterprises (SMEs)	0.25%
Housing loans extended at teaser rates	2.00% which will decrease to 0.40% after 1 year from the date on which the rates are reset at higher rates (if the accounts remain 'standard')
Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector	0.75%
Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH)	1.00%
Restructured advances	As stipulated in the Reserve Bank of India (Non-Banking Financial Company – Resolution of Stressed Assets) Directions, 2025
All other loans and advances not included above, including loans to Medium Enterprises	0.40%

Explanation: Housing loans extended at teaser rates shall mean housing loans having comparatively lower rates of interest in the first few years after which the rates of interest are reset at higher rates.

- (3) Current credit exposures arising on account of the permitted derivative transactions shall also attract provisioning requirement as applicable to the loan assets in the 'standard' category, of the concerned counterparties. All conditions applicable for treatment of the provisions for standard assets would also apply to the aforesaid provisions for permitted derivative transactions.

- (4) For the purpose of sub-paragraph (3), current credit exposure shall mean the sum of the gross positive mark-to-market value of all derivative contracts with respect to a single counterparty, without adjusting against any negative marked-to-market values of contracts with the same counterparty.

Chapter VI - Repeal and Other Provisions

15. Repeal and saving

- (1) With the issue of these Directions, the existing directions, instructions, and guidelines relating income recognition, asset classification and provisioning as applicable to Non-Banking Financial Companies stand repealed, as communicated vide notification dated XX, 2025. The directions, instructions and guidelines already repealed vide any of the directions, instructions, and guidelines listed in the above notification shall continue to remain repealed.
- (2) 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.

16. Application of other laws not barred

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.

17. Interpretations

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 Reserve Bank 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 Reserve Bank shall be final and binding.