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RESERVE BANK OF INDIA

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## RBI Issues the Reserve Bank of India (Project Finance) Directions, 2025

The Reserve Bank had issued [draft guidelines on 'Prudential Framework for Income Recognition, Asset Classification and Provisioning pertaining to Advances - Projects Under Implementation' on May 03, 2024](#), for stakeholder comments. The draft guidelines proposed an enabling framework for the regulated entities (REs) for financing project loans, while addressing the underlying risks.

2. As part of the stakeholder consultation exercise, inputs / feedback were received from around 70 entities including banks, NBFCs, industry associations, academicians, law firms, individuals and the Central Government. The inputs/ feedback received have been examined and suitably incorporated while formalising the final Directions, which have been issued by the Reserve Bank [today](#). The Directions entail *inter alia* the following:

- Adoption of a principle-based regime for resolution of stress in project finance exposures, harmonised across REs.
- Rationalization of permissible 'date of commencement of commercial operations' (DCCO) extensions with an overall ceiling of three and two years for infrastructure and non-infrastructure sectors, respectively.
- Flexibility to REs in extending the DCCO within the above ceilings, based on their commercial assessments.
- Rationalisation of standard asset provisioning requirement to 1% for projects under construction, which shall gradually increase for each quarter of DCCO deferment. The requirements for under construction CRE exposures will be however, slightly higher at 1.25%.
- Under construction projects where financial closure has already been achieved shall continue to be guided by the extant provisioning norms to facilitate a seamless implementation.
- During operational phase, the standard asset provisioning requirement shall stand reduced to 1% for CRE, 0.75% for CRE-RH and 0.40% for other project exposures, respectively.

The Reserve Bank of India (Project Finance) Directions, 2025 shall come into force with effect from October 1, 2025.