



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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September 29, 2025

**Reserve Bank of India (Interest Rate on Advances) (Amendment Directions),  
2025**

Please refer to the Reserve Bank of India (Interest Rate on Advances) Directions, 2016 ('**Directions**') and the Circular on Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans dated August 18, 2023 ('**Circular**'), read with FAQs issued on January 10, 2025 ('**FAQs**').

2. On a review, in exercise of the powers conferred by the sections 21, 35A and 56 of the Banking Regulation Act, 1949 and Section 45JA, 45L and 45M of the Reserve Bank of India Act, 1934 and sections 30A and 32 of the National Housing Bank Act, 1987, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the following Amendment Directions.

A. Reserve Bank of India (Interest Rate on Advances) Directions, 2016

In Chapter – IV, the following *proviso* shall be inserted after sub-paragraph 8 (e):

*Provided that, the other spread components may be reduced by banks for a loan category earlier than three years for customer retention, on justifiable grounds, in a non-discriminatory manner, and in terms of the bank's policy.*

B. Circular dated August 18, 2023 on Reset of Floating Interest Rate on EMI based Personal Loans

Paragraph 2 (ii) shall be modified as under:

*At the time of reset of interest rates, REs ~~shall~~ may, at its option, provide ~~the option~~ a choice to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.*

C. FAQs on Reset of Floating Interest Rate on EMI based Personal Loans

(i) Answer (b) to FAQ No 3 shall be modified as under:

*(b) Switch to fixed interest rate for the remaining portion of the loan, where such an option is provided by the RE; and*

(ii) FAQ Nos 4 and 5 shall be deleted.

3. The above amendments shall come into force from October 1, 2025.

(Vaibhav Chaturvedi)

Chief General Manager