



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

- The Reserve Bank issued draft guidelines on May 03, 2024, for stakeholder comments on project loan financing.
- Feedback was received from around 70 entities including banks, NBFCs, industry associations, academicians, law firms, individuals, and the Central Government.
- The final Directions incorporate the feedback and have now been issued by the Reserve Bank.
- A principle-based regime has been adopted for resolution of stress in project finance exposures, harmonised across regulated entities.
- Permissible DCCO (Date of Commencement of Commercial Operations) extensions are capped at three years for infrastructure and two years for non-infrastructure sectors.
- Regulated entities are allowed flexibility in extending the DCCO within these ceilings based on their commercial assessments.
- Standard asset provisioning requirement has been rationalised to 1% for projects under construction.
- Provisioning will gradually increase for each quarter of DCCO deferment.
- Provisioning for under-construction commercial real estate (CRE) exposures will be slightly higher at 1.25%.
- Projects under construction that have already achieved financial closure will continue to follow existing provisioning norms.
- During the operational phase, the standard asset provisioning requirement will be 1% for CRE exposures.
- During the operational phase, the standard asset provisioning requirement will be 0.75% for CRE-RH exposures.
- During the operational phase, the standard asset provisioning requirement will be 0.40% for other project exposures.



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- These Directions will come into effect from October 1, 2025.

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