Reserve Bank Of India (Non-Banking Financial Companies – Credit Facilities) Second Amendment Directions, 2026

This is a clarification on July 15, 2026 to RBI's project-finance rules for NBFCs. It makes two amendments - related to multi-unit project and electricity transmission and evacuation projects, both effective immediately. The amendments will be relevant particularly for wholesale lending NBFCs, that too operating in 'power sector'.

1. Financing separate units of a larger project

Where a project can be divided into multiple units that are independently operational and viable, an NBFC may finance each unit as a separate project. However:

- each unit must have its own financial closure; and
- each unit must be appraised in advance for standalone viability.

Thus, a project cannot be split merely for convenience or to avoid prudential requirements. The unit should be capable of operating and servicing its debt independently.

2. Right of way for power projects

For electricity-generation projects that also include transmission or evacuation infrastructure, the right-of-way requirement for the transmission portion may be determined under the specific norms applicable to transmission projects.

In case of financing separate units of a larger project, the key credit-review issue will be whether the supposedly separate unit is genuinely standalone, with independent cash flows, approvals and infrastructure, rather than being artificially carved out from the overall project. In case of right of way for power projects, this clarification recognises that securing right of way for transmission lines is different from securing land or approvals for the main generation facility and may follow a separate timeline.

Similar amendments are introduced for Commercial Banks, Small Finance Banks, Urban Co-operative Banks and AIFIs.

Kindly refer the link for the further details - NT2140075777118394463B9DF08E80F7DBCB6F.PDF