



Reserve Bank Of India (Commercial Banks – Credit Risk Management) Third Amendment Directions, 2026

RBI issued the Commercial Banks – Credit Risk Management Third Amendment Directions, 2026 on April 29, 2026, consequent to the Commercial Banks – Resolution of Stressed Assets Second Amendment Directions, 2026.

The amendment has been issued under Sections 21 and 35A of the Banking Regulation Act, 1949 and aims to strengthen credit risk frameworks by incorporating external risk factors such as calamities into borrower assessment. The amendments shall come into force from July 1, 2026.

The amendment introduces a new Paragraph 12A in the Credit Risk Management Directions, requiring banks to factor the potential impact of calamities (such as natural disasters or disruptive events) while undertaking credit assessments of borrowers.

This ensures a more holistic and forward-looking evaluation of borrower risk, beyond traditional financial metrics.

Area	Earlier Norms	Current Norms
Credit Risk Assessment	Focus on financial and credit parameters	Mandatory consideration of impact of calamities on borrower repayment capacity

This update aligns with RBI’s broader focus on risk resilience and sustainability, encouraging banks to integrate environmental and event-based risks into lending decisions.

Similar amendments are made by RBI for All India Financial Institutions, Non-Banking Financial Institutions, Regional Rural Bank, Rural Cooperative Banks, Urban Cooperative Banks, Local Area Banks and Small Finance Banks on the same date with same effective date.

Kindly refer to the [RBI notification](#) dated April 29, 2026 for further details.