

# GRC BULLETIN

MAY - 2025, VOLUME: I

## RBI

RBI Master Direction – Reserve Bank of India  
(Asset Reconstruction Companies) Directions,  
2024

[Click Here to Read Full Bulletin](#)

# #1

## CORPORATE LAWS

### Authority

Reserve Bank of  
India (RBI)

### Circular Date

Apr 23, 2025

### Circular Number

RBI/DOR/2024-  
25/116  
DoR.FIN.REC.16/26.0  
3.001/2024-25

### Effective Date

Apr 23, 2025

# RBI MASTER DIRECTION – RESERVE BANK OF INDIA (ASSET RECONSTRUCTION COMPANIES) DIRECTIONS, 2024

*Applicability: All Asset Reconstruction Companies (ARCs) registered under Section 3 of the SARFAESI Act, 2002.*

In order to update and improve the regulatory structure governing Asset Reconstruction Companies (ARCs) in India, the Reserve Bank of India (RBI) released the Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024. These revised guidelines are intended to ensure that ARCs effectively contribute to the resolution of stressed assets in the financial system by fostering improved governance, transparency, and operational efficiency within the industry..

### *The revised instructions' salient features include:*

- **Net Owned Fund (NOF) Requirements:** ARCs are required to maintain a minimum Net Owned Fund (NOF) of ₹300 crore at all times. The Insolvency and Bankruptcy Code (IBC) allows ARCs with a NOF of at least ₹1000 crore to act as Resolution Applicants.
- **Activities Related to Registration and Business:** Only registered ARCs are permitted to engage in asset reconstruction and securitization. This guarantees that this area is only used by qualified organizations.
- **Governance Improvements:** The new guidelines require that independent directors be appointed to ARC boards and place stringent requirements on the age, tenure, and fitness and proper of MDs and CEOs. They also call for increased board supervision to enhance decision-making.
- **Prudential Norms:** To guarantee financial stability and risk reduction, capital adequacy requirements have been increased to a minimum of 15%, along with explicit guidelines on provisioning and asset classification.
- **Updated Asset Reconstruction Procedures:** The guidelines streamline asset management procedures by establishing improved guidelines for the acquisition, management, issuance, securitization, and realization of Security Receipts (SRs).
- **Transparency and Disclosure:** Higher criteria for management fees, returns, audits, and governance practices have been implemented to enhance accountability and transparency in the ARC industry.

# #1

## CORPORATE LAWS

### Authority

Reserve Bank of  
India (RBI)

### Circular Date

Apr 23, 2025

### Circular Number

RBI/DOR/2024-25/116  
DoR.FIN.REC.16/26.03.  
001/2024-25

### Effective Date

Apr 23, 2025

- **Fair Practices Code:** The Fair Practices Code is a thorough collection of guidelines for handling complaints, holding auctions, interacting with customers, and moral rehabilitation that encourages moral behavior and increased stakeholder participation in asset resolution initiatives.

It is anticipated that these modifications will improve ARCs' operating structure, encouraging more responsibility and effectiveness in the asset reconstruction procedure.

**SOURCE:** [Click Here for more details](#)



## Head Quarters:

Vasudha, 2nd Floor, No. 2, 38th Main Rd,  
Rose Garden, JP Nagar Phase 6, J. P. Nagar,  
Bengaluru, Karnataka 560078

Ph: 080 41673023

Email: [info@ricago.com](mailto:info@ricago.com)

Website: [www.ricago.com](http://www.ricago.com)

*Subscribe to the Newsletter:*

Subscribe

Disclaimer: This newsletter is prepared by Clonect Solutions Pvt. Ltd. and contains information about the statutory compliance updates for general information only. No claim is made as to warrant or represent that the information contained in this document is correct. Also, it should not be considered as legal or financial advice and under no circumstances Clonect Solutions Pvt. Ltd. shall be held responsible for any kind of damages arising there to.

***#Trusted Compliance Partner***