**RBI Circular Consolidation – Jan-Jun’23**

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**Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Consolidated)**

RBI/2023-24/47
DOR.AML.REC.23/14.06.001/2023-24

July 04, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Madam/Dear Sir,

**Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Consolidated)**

Please refer to Section 52 and Section 53 of our [Master Direction on Know Your Customer dated February 25, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566) as amended on May 04, 2023 (MD on KYC), in terms of which “the Regulated Entities (REs) shall ensure meticulous compliance with the “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005” as laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated January 30, 2023 by the Ministry of Finance, Government of India (Ref. Annex III of the MD on KYC).”

2. In this connection, the Ministry of External Affairs (MEA), Government of India has informed about the Consolidated Lists of UNSC Designated / Sanctioned Individuals and Entities under the UNSC Resolutions relating to non-proliferation on the Democratic People's Republic of Korea (DPRK) and Iran. The consolidated lists are enclosed in the [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/ConsolidatedList04072023.pdf). It is also informed that this is the ‘**designated list**’ as referred in Para 2.1 and other relevant Paras of the aforementioned Order dated January 30, 2023, and for the purposes of implementation of the provisions of Section12A of the WMD Act 2005.

3. The latest version of the UNSC sanctions lists on DPRK & Iran are accessible on the UN Security Council’s website at the following URLs:

<https://www.un.org/securitycouncil/sanctions/1718>

<https://www.un.org/securitycouncil/content/2231/list>

4. All REs are advised to take note of the aforementioned communications and ensure meticulous compliance.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12521&Mode=0>

**Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)**

RBI/2023-24/48
DOR.AML.REC.24/14.06.001/2023-24

July 04, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Madam/Dear Sir,

**Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)**

Please refer to Section 52 and Section 53 of our [Master Direction on Know Your Customer dated February 25, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566) as amended on May 04, 2023 (MD on KYC), in terms of which “REs shall ensure meticulous compliance with the “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005” laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated January 30, 2023, by the Ministry of Finance, Government of India (Annex III of the Master Direction on Know Your Customer).”

2. In this connection, a reference is invited to our [circular DOR.AML.REC.23/14.06.001/2023-24 dated July 04, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12521&Mode=0), communicating thereby the Consolidated Lists of UNSC Designated / Sanctioned Individuals and Entities under the UNSC Resolutions relating to non-proliferation.

3. In this regard, Ministry of External Affairs (MEA), GoI has informed that the UNSC Committee established pursuant to resolution 1718(2006) enacted the amendments specified with strikethrough and/or underline in certain entries on its Sanctions List of individuals and entities ([enclosed](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT48_04072023.pdf) with this circular). Hence, the ‘designated list’ as referred in Para 2.1 and other relevant paras of the aforementioned Order dated January 30, 2023 is amended in accordance with the changes in these relevant entries.

4. The latest version of the UNSC Sanctions lists on DPRK & Iran are accessible on the UN Security Council’s website at the following URLs:

<https://www.un.org/securitycouncil/sanctions/1718>

<https://www.un.org/securitycouncil/content/2231/list>

5. The REs are advised to take note of the aforementioned communications and ensure meticulous compliance.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12522&Mode=0>

**Master Circular - Management of Advances – UCBs**

RBI/2023-24/51
DOR.CRE.REC.No.27/07.10.002/2023-24

July 25, 2023

All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

**Master Circular - Management of Advances - UCBs**

Please refer to our [Mater Circular DOR.CRE.REC.No.17/13.05.000/2022-23 dated April 8, 2022](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12288) on the captioned subject. The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12525&Mode=0#MC) consolidates and updates all the instructions / guidelines on the subject issued till date.

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12525&Mode=0>

**Reserve Bank of India Act, 1934 - Section 42(1A) - Requirement for maintaining additional CRR**

RBI/2023-24/52
DOR.RET.REC.29/12.01.001/2023-24

August 10, 2023

The Chairperson / CEOs of all Scheduled Commercial Banks / Regional Rural Banks /
All Scheduled Primary (Urban) Co-operative Banks / All Scheduled State Co-operative Banks

Madam / Dear Sir,

**Reserve Bank of India Act, 1934 - Section 42(1A) - Requirement for maintaining additional CRR**

Under Section 42(1) of the Reserve Bank of India Act, 1934, all Scheduled Banks are required to maintain with Reserve Bank of India a Cash Reserve Ratio (CRR) of 4.50 per cent of Net Demand and Time Liabilities (NDTL).

2. On a review of the current liquidity conditions, it has been decided to issue a directive under Section 42(1A) of the Reserve Bank of India Act, 1934 requiring all Scheduled Commercial Banks / Regional Rural Banks / all Scheduled Primary (Urban) Co-operative Banks / all Scheduled State Co-operative Banks to maintain with the Reserve Bank of India, effective from the fortnight beginning August 12, 2023, an incremental CRR (I-CRR) of 10 per cent on the increase in NDTL between May 19, 2023 and July 28, 2023. The I-CRR will be reviewed on September 8, 2023 or earlier.

3. A copy of the relative notification DOR.RET.REC.30/12.01.001/2023-24 dated August 10, 2023 is [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12526&Mode=0#AN1).

Yours faithfully,

(Brij Raj)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12526&Mode=0>

**Fair Lending Practice - Penal Charges in Loan Accounts**

RBI/2023-24/53
DoR.MCS.REC.28/01.01.001/2023-24

August 18, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, excluding Payments Banks)
All Primary (Urban) Co-operative Banks
All NBFCs (including HFCs) and
All India Financial Institutions (EXIM Bank, NABARD, NHB, SIDBI and NaBFID)

Madam / Dear Sir,

**Fair Lending Practice - Penal Charges in Loan Accounts**

Reserve Bank has issued various guidelines to the Regulated Entities (REs) to ensure reasonableness and transparency in disclosure of penal interest. Under the extant guidelines, lending institutions have the operational autonomy to formulate Board approved policy for levy of penal rates of interest. It has been observed that many REs use penal rates of interest, over and above the applicable interest rates, in case of defaults / non-compliance by the borrower with the terms on which credit facilities were sanctioned.

2. The intent of levying penal interest/charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest. However, supervisory reviews have indicated divergent practices amongst the REs with regard to levy of penal interest/charges leading to customer grievances and disputes.

3. On a review of the practices followed by REs for charging penal interest/charges on loans, the following instructions are issued for adoption.

(i) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as ‘penal charges’ and shall not be levied in the form of ‘penal interest’ that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

(ii) The REs shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.

(iii) The REs shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.

(iv) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.

(v) The penal charges in case of loans sanctioned to ‘individual borrowers, for purposes other than business’, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

(vi) The quantum and reason for penal charges shall be clearly disclosed by REs to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on REs website under Interest rates and Service Charges.

(vii) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

(viii) These instructions shall come into effect from January 1, 2024. REs may carry out appropriate revisions in their policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of this circular, whichever is earlier.

4. The above instructions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, and section 30A of the National Housing Bank Act, 1987 and shall be updated in the relevant Master Directions / Master Circulars of the applicable REs. The list of amendments to the Master Directions / Master Circulars has been provided in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12527&Mode=0#AS).

5. These instructions shall, however, not apply to Credit Cards, External Commercial Borrowings, Trade Credits and Structured Obligations which are covered under product specific directions.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12527&Mode=0>

**Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans**

RBI/2023-24/55
DOR.MCS.REC.32/01.01.003/2023-24

August 18, 2023

All Scheduled Commercial Banks
Regional Rural Banks
Primary (Urban) Co-operative Banks
State Co-operative Banks and District Central Co-operative Banks
Non-Banking Financial Companies (including Housing Finance Companies)

Madam / Dear Sir,

**Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans**[**1**](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12529&Mode=0#F1)

Please refer to our [circular no. DBR.No.Dir.BC.10/13.03.00/2015-16 dated July 01, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9902), [Master Directions no. DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10585), [DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586) and [DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12030) vide which the guidelines pertaining to Fair Practices Code for lenders have been issued to SCBs, NBFCs and HFCs, respectively. In terms of extant instructions of Reserve Bank of India, regulated entities (REs) have the freedom to offer all categories of advances either on fixed or on floating interest rates basis.

2. At the time of sanction of EMI based floating rate personal loans, REs are required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the REs are advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

1. At the time of sanction, REs shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
2. At the time of reset of interest rates, REs shall provide the option 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.
3. The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
4. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the REs from time to time.
5. REs shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
6. REs shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The REs shall ensure that the statements are simple and easily understood by the borrower.

3. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities. In case of loans linked to an external benchmark under the External Benchmark Lending Rate (EBLR) regime, the banks should follow extant instructions and also put in place adequate information systems to monitor transmission of changes in the benchmark rate to the lending rate.

4. REs shall ensure that the above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

5. The above instructions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, and sections 30A and 32 of the National Housing Bank Act, 1987.

Yours faithfully

Santosh Kumar Panigrahy
(Chief General Manager)

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12529&Mode=0>

**Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)**

RBI/2023-24/56
DOR.AML.REC.33/14.06.001/2023-24

August 18, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Madam/Dear Sir,

**Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005: Designated List (Amendments)**

Please refer to Section 52 of our [Master Direction on Know Your Customer dated February 25, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566) as amended on May 04 , 2023 (MD on KYC), in terms of which, inter alia, “REs shall ensure meticulous compliance with the “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005” laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated January 30, 2023, by the Ministry of Finance, Government of India (Annex III of the Master Direction on Know Your Customer).”

2. Further, in terms of Section 53 of our MD on KYC, “REs shall verify every day, the ‘UNSCR 1718 Sanctions List of Designated Individuals and Entities‘, as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm>, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the ‘Implementation of Security Council Resolution on Democratic People’s Republic of Korea Order, 2017’, as amended from time to time by the Central Government”.

3. A reference is also invited to our [circular DOR.AML.REC.23/14.06.001/2023-24 dated July 04, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12521&Mode=0), communicating thereby the Consolidated List of UNSC Designated / Sanctioned Individuals and Entities under the UNSC Resolutions relating to non-proliferation. Certain amendments to the entries in the List were notified vide our [circular DOR. AML.REC.24/14.06.001/2023-24 dated July 04, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12522&Mode=0).

4. In this regard, Ministry of External Affairs (MEA), GoI has informed that the UNSC Committee established pursuant to resolution 1718(2006) enacted the amendments, specified with strikethrough and/or underline in certain entries on its Sanctions List of individuals and entities ([enclosed](https://rbidocs.rbi.org.in/rdocs/content/pdfs/enclosed18082023.pdf) with this circular). Hence, the ‘**designated list**’ (as referred in Para 2.1 and other relevant paras of the aforementioned Order dated January 30, 2023) communicated vide our [circular DOR.AML.REC.23/14.06.001/2023-24 dated July 04, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12521&Mode=0) is amended in accordance with the changes in these relevant entries.

5. The latest version of the UNSC Sanctions lists on DPRK & Iran are accessible on the UN Security Council’s website at the following URLs:
<https://www.un.org/securitycouncil/sanctions/1718>
<https://www.un.org/securitycouncil/content/2231/list>

6. The REs are advised to take note of the aforementioned communications and ensure meticulous compliance.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12530&Mode=0>

**Enhancing transaction limits for Small Value Digital Payments in Offline Mode**

RBI/2023-24/57
CO.DPSS.POLC.No.S526/02-14-003/2023-24

August 24, 2023

The Chairman / Managing Director / Chief Executive Officer
Authorised Payment System Operators and Participants (Banks and Non-banks)

Madam / Dear Sir,

**Enhancing transaction limits for Small Value Digital Payments in Offline Mode**

This has reference to the Reserve Bank of India [circular CO.DPSS.POLC.No.S1264/02-14-003/2021-2022 dated January 03, 2022](https://rbi.org.in/scripts/FS_Notification.aspx?Id=12215&fn=9&Mode=0) on “Framework for Facilitating Small Value Digital Payments in Offline Mode”.

2. As announced in the [Statement on Development and Regulatory Policies dated August 10, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56174), the upper limit of an offline payment transaction is increased to ₹500. Other instructions mentioned in the framework shall continue to remain applicable as before.

3. This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect immediately.

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12531&Mode=0>

**Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI)** RBI/2023-24/58
CO.DPSS.POLC.No.S-567/02-23-001/2023-2024

September 04, 2023

The Managing Director / Chief Executive Officer
Scheduled Commercial Banks (excluding Payment Banks, Small Finance Banks and Regional Rural Banks)

Madam / Dear Sir,

**Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI)**

Please refer to the [Statement on Developmental and Regulatory Policies dated April 06, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473), expanding the scope of UPI by enabling transfer to / from pre-sanctioned credit lines at banks. Currently, savings account, overdraft account, prepaid wallets and credit cards can be linked to UPI. As announced, the scope of UPI is now being expanded by inclusion of credit lines as a funding account.

2. Under this facility, payments through a pre-sanctioned credit line issued by a Scheduled Commercial Bank to individuals, with prior consent of the individual customer, are enabled for transactions using the UPI System.

3. Banks may, as per their Board approved policy, stipulate terms and conditions of use of such credit lines. The terms may include, among other items, credit limit, period of credit, rate of interest, etc.

4. This directive is issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12532&Mode=0>

**Reserve Bank of India Act, 1934 - Section 42(1A)- Requirement for maintaining additional CRR**

RBI/2023-24/59
DOR.RET.REC.34/12.01.001/2023-24

September 08, 2023

The Chairperson / CEOs of all Scheduled Commercial Banks / Regional Rural Banks / All Scheduled Primary (Urban) Co-operative Banks / All Scheduled State Co-operative Banks

Madam / Dear Sir,

**Reserve Bank of India Act, 1934 - Section 42(1A) - Requirement for maintaining additional CRR**

Please refer to the [circular DOR.RET.REC.29/12.01.001/2023-24 dated August 10, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12526&Mode=0) and relative notification on the captioned subject.

2. As announced in the [RBI Press Release dated September 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56336), on a review, it has been decided to discontinue the incremental CRR (I-CRR) in a phased manner. Based on an assessment of current and evolving liquidity conditions, it has been decided that the amounts impounded under the I-CRR would be released in stages so that system liquidity is not subjected to sudden shocks and money markets function in an orderly manner. The release of funds would be as follows:

|  |  |
| --- | --- |
| **Date** | **Amount to be released** |
| September 09, 2023 | 25 per cent of the I-CRR maintained |
| September 23, 2023 | 25 per cent of the I-CRR maintained |
| October 07, 2023 | 50 per cent of the I-CRR maintained |

3. A copy of the relative notification DOR.RET.REC.35/12.01.001/2023-24 dated September 08, 2023 is [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12533&Mode=0#NT35).

Yours faithfully,

(Brij Raj)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12533&Mode=0>

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023**

RBI/DOR/2023-24/104
DOR.MRG.36/21.04.141/2023-24

September 12, 2023

All Commercial Banks (excluding Regional Rural Banks)

Dear Sir / Madam,

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023**

The extant regulatory instructions on classification and valuation of investment portfolio by commercial banks, as contained in the [Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12153), are largely based on a framework introduced in October 2000 drawing upon the then prevailing global standards and best practices.

2. In view of the significant developments in the global standards on classification, measurement and valuation of investments, the linkages with the capital adequacy framework as well as progress in the domestic financial markets, a need was felt to review and update these norms. Pursuant to the announcement made in the [Statement on Developmental and Regulatory Policies dated December 8, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52688), a [discussion paper](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53103) on the subject was issued for public comments on January 14, 2022. Based on the inputs received, it has now been decided to put in place a revised regulatory framework for the investment portfolio.

3. The revised framework updates the regulatory guidelines with global standards and best practices while introducing a symmetric treatment of fair value gains and losses, a clearly identifiable trading book under Held for Trading (HFT), removing the 90-day ceiling on holding period under HFT, removal of ceilings on Held to Maturity and more detailed disclosures on the investment portfolio. Further, to facilitate smooth implementation, [illustrative guidance](https://rbidocs.rbi.org.in/rdocs/content/pdfs/104MDINVESTMEN12092023_AN5.pdf) has been developed on the revised framework and annexed to the Directions.

**Applicability**

4. The revised framework as detailed in the Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2023 [annexed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12534&Mode=0#MD) hereto shall be applicable from April 1, 2024, to all Commercial Banks excluding Regional Rural Banks.

5. Reserve Bank of India is issuing these Directions in the exercise of its powers conferred under section 35A of the Banking Regulation Act, 1949, and all the powers enabling it on this behalf.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12534&Mode=0>

**Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans**

RBI/2023-24/60
DoR.MCS.REC.38/01.01.001/2023-24

September 13, 2023

All Commercial Banks (including Small Finance Banks
and Regional Rural Banks, excluding Payments Banks)
All Local Area Banks
All Primary (Urban) Co-operative Banks
All State Co-operative Banks and District Central Co-operative Banks
All NBFCs (including HFCs)
All Asset Reconstruction Companies

Madam / Dear Sir,

**Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal**[**1**](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12535&Mode=0#F1)**Loans**

In terms of the guidelines on Fair Practices Code issued to various Regulated Entities (REs) since 2003, REs are required to release all movable / immovable property documents upon receiving full repayment and closure of loan account. However, it has been observed that the REs follow divergent practices in release of such movable / immovable property documents leading to customer grievances and disputes. To address the issues faced by the borrowers and towards promoting responsible lending conduct among the REs, the following Directions are being issued:

**Release of Movable / Immovable Property Documents**

2. The REs shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

3. The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the RE where the documents are available, as per her / his preference.

4. The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.

5. In order to address the contingent event of demise of the sole borrower or joint borrowers, the REs shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the REs along with other similar policies and procedures for customer information.

**Compensation for delay in release of Movable / Immovable Property Documents**

6. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the RE shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the RE, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

7. In case of loss/damage to original movable / immovable property documents, either in part or in full, the REs shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at paragraph 6 above. However, in such cases, an additional time of 30 days will be available to the REs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

8. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

**Applicability**

9. These Directions shall be applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.

10. The above Directions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA and 45L of the Reserve Bank of India Act, 1934, and section 30A of the National Housing Bank Act, 1987.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12535&Mode=0>

**PM Vishwakarma Scheme**

RBI/2023-24/61
FIDD.CO.MSME.BC.No.10/06.02.031/2023-24

September 13, 2023

The Chairman/ Managing Director/Chief Executive Officer
All Scheduled Commercial Banks
(including Small Finance Banks and Regional Rural Banks, excluding Payments Banks)
All Primary (Urban) Co-operative Banks/State Co-operative Banks
/ District Central Co-operative Banks
All Non-Banking Financial Companies (excluding housing finance companies)

Madam / Dear Sir,

**PM Vishwakarma Scheme**

Government of India (GoI) has introduced the ‘PM Vishwakarma Scheme’ which aims to provide support to artisans and craftspeople to enable them to move up the value chain in their respective trades. The Scheme envisages, among other measures, credit support to the beneficiaries at concessional interest rate, with interest subvention support by GoI.

2. In this regard, eligible lending institutions may refer to the Scheme [guidelines](https://pmvishwakarma.gov.in/FileHandling/ViewFile/MiscFiles%5CPM%20Vishwakarma-Guidelines.pdf) issued by the Ministry of Micro, Small and Medium Enterprises, for appropriate action.

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12536&Mode=0>

**Data Quality Index for Commercial and Microfinance Segments by Credit Information Companies**

RBI/2023-24/62
DoR.FIN.REC.39/20.16.056/2023-24

September 20, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)
All Primary (Urban) Co-operative Banks/State Co-operative Banks/ Central Co-operative Banks
All-India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NaBFID)
All Non-Banking Financial Companies (including Housing Finance Companies)
All Asset Reconstruction Companies
All Credit Information Companies

Dear Sir/ Madam,

**Data Quality Index for Commercial and Microfinance Segments by Credit Information Companies**

Please refer to our [circular DBOD.No.CID.BC.127/20.16.056/2013-14 dated June 27, 2014](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8968&Mode=0), inter alia setting out a common Data Quality Index (DQI) for assessing the quality of data submissions by Credit Institutions (CIs) to Credit Information Companies (CICs) and improving the same over a period of time. Currently, the DQI is being used for data submitted under the consumer segment.

2. With a view to enable further implementation of DQI, it has been decided that CICs shall prepare DQIs for Commercial and Microfinance segments also as per [Annex I](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CommercialDQI20092023_AN1.pdf) and [II](https://rbidocs.rbi.org.in/rdocs/content/pdfs/MFIDQI20092023_AN2.pdf), respectively. CICs shall provide the DQIs for Commercial and Microfinance segments to all CIs latest by March 31, 2024.

3. Further, CICs are advised as under:

1. CICs shall provide DQIs for Commercial and Microfinance segments in the form of numeric scores on a monthly basis to all member credit institutions.
2. DQI scores for Commercial and Microfinance segments shall be provided at CI and file level. The DQI scores for Commercial and Microfinance segments at CI level shall be computed as weighted average of file level DQI scores of commercial and microfinance segment respectively of that CI.
3. CICs shall compute industry level DQIs for each of the three reporting segments[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12537&Mode=0#FT1) as weighted average of the CI level DQI in their respective category (e.g. Public Sector Banks, Private Sector Banks, Foreign Banks, Co-operative Banks, RRBs, NBFCs etc.) on monthly basis. Further, a half yearly Industry Benchmark shall be calculated as a rolling average of preceding six months Industry level DQI score of respective category of CIs.
4. CICs shall provide reasons for decline in score to each CI, if its (a) CI level score has declined over the previous month or (b) CI level score is lower than the half yearly industry benchmark.
5. CICs shall provide monthly data of CI level DQI and industry level DQI of all segments to Department of Supervision, Reserve Bank of India, Central Office at half yearly intervals as on September 30 and March 31 each year, for information and monitoring purposes.

4. CIs are advised to undertake half yearly review of the DQI for all segments to improve the quality of the data being submitted to CICs. Corrective steps taken on the above issues along with a report on the same shall be placed before its top management by each CI for review within two months from the end of that half-year.

Yours faithfully

(J. P. Sharma)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12537&Mode=0>

**Master Direction - Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023**

RBI/DoR/2023-24/105
DoR.FIN.REC.40/01.02.000/2023-24

September 21, 2023

**Master Direction - Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023**

In exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934, the Reserve Bank of India (hereinafter called the Reserve Bank) being satisfied that it is necessary and expedient in the public interest and in the interest of financial sector policy so to do, hereby, issues the [Directions](https://rbidocs.rbi.org.in/rdocs/content/pdfs/105MDAIFIS21092023.pdf) hereinafter specified.

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12538&Mode=0>

**Display of information - Secured assets possessed under the SARFAESI Act, 2002**

RBI/2023-24/63
DoR.FIN.REC.41/20.16.003/2023-24

September 25, 2023

All Commercial Banks including Small Finance Banks, Local Area Banks and Regional Rural Banks and excluding Payment Banks
All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ Central Co-operative Banks
All India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NaBFID)
All Non-Banking Financial Companies including Housing Finance Companies
All Asset Reconstruction Companies

Dear Sir/ Madam

**Display of information - Secured assets possessed under the SARFAESI Act, 2002**

As a part of the move towards greater transparency, it has been decided that the Regulated Entities (REs) of the Reserve Bank which are secured creditors as per the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, shall display information in respect of the borrowers whose secured assets have been taken into possession by the REs under the Act.

2. REs shall upload this information on their website in the format as prescribed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12539&Mode=0#AN1). The first such list shall be displayed on the website of REs within six (6) months from the date of this circular, and the list shall be updated on monthly basis.

Yours faithfully,

(J.P. Sharma)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12539&Mode=0>

**Gold Loan – Bullet Repayment – Primary (Urban) Co-operative Banks (UCBs)**

RBI/2023-24/66
DOR.CRE.REC.42/07.10.002/2023-24

October 6, 2023

Primary (Urban) Co-operative Banks other than Salary Earners’ Banks

Madam / Dear Sir,

**Gold Loan – Bullet Repayment – Primary (Urban) Co-operative Banks (UCBs)**

Please refer to the [circular UBD.BPD.(PCB).Cir.No.25/13.05.001/2014-15 dated October 30, 2014](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9307&Mode=0), in terms of which UCBs were permitted to extend gold loans up to ₹2.00 lakh with bullet repayment option, subject to certain conditions.

2. Reference is also invited to para 5 of our [circular DOR.CRE.REC.18/07.10.002/2023-24 dated June 8, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0) wherein it is stated that incentives to UCBs meeting the Priority Sector Lending (PSL) targets shall be announced separately. Accordingly, as announced vide para 3 of [Statement on Developmental and Regulatory Policies dated October 6, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56503), it has been decided to increase the monetary ceiling of gold loans that can be granted under the bullet repayment scheme, from ₹2.00 lakh to ₹4.00 lakh for those UCBs who have met the overall PSL target and sub targets as on March 31, 2023 and continue to meet the targets and sub-targets as prescribed at para 2 of our [circular dated June 8, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0), ibid.

3. The limits prescribed above are effective from the date of this circular. All other provisions of the aforesaid circulars remain unchanged.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12542&Mode=0>

**Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs) – Extension to Government NBFCs**

RBI/2023-24/67
Ref. No.DoS.CO.PPG/SEC.05/11.01.005/2023-24

October 10, 2023

All Deposit Taking Government NBFCs
All Non-Deposit Taking Government NBFCs in Middle, Upper and Top Layers

Dear Sir / Madam

**Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs) – Extension to Government NBFCs**

Reserve Bank of India introduced [PCA Framework for NBFCs](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12208&Mode=0) on December 14, 2021. The Framework has since been reviewed and it has been decided to extend the same to Government NBFCs (except those in Base Layer) with effect from October 1, 2024, based on the audited financials of the NBFC as on March 31, 2024, or thereafter.

Yours faithfully,

**(Tarun Singh)
Chief General Manager**

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12543&Mode=0>

**Reverse Repo transactions - Reporting in Form ‘A’ Return**

RBI/2023-24/68
DoR.RET.REC.43/12.01.001/2023-24

October 16, 2023

The Chairperson / CEOs of all Commercial Banks

Madam / Dear Sir,

**Reverse Repo transactions - Reporting in Form ‘A’ Return**

Please refer to Form A Return in the [Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions - 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12131) (updated as on September 25, 2023) regarding the reporting of Reverse Repo transactions by Commercial Banks.

2. In order to bring uniformity in reporting of Reverse Repo transactions in the Form A Return by various banks, it is clarified that the banks should adhere to the following practice for presentation of Reverse Repo transactions in the above return:

A. Reverse Repo transactions with the banks should be reported as under:

i. For original tenors up to and inclusive of 14 days

1. Item III(b) of Form A (i.e. Money at call and short notice) and;
2. Memo item 2.1 of Annex A to Form A (i.e. under Inter Bank Assets)

ii. For original tenors more than 14 days

1. Item III(c) of Form A (i.e. Advances to banks) and;
2. Memo item 2.1 and 2.2 of Annex A to Form A (i.e. under Inter Bank Assets)

B. Reverse Repo transactions with non-banks (other institutions) for all tenors should be reported under Item VI(a) of Form A [i.e. Loans, cash credits and overdrafts under Bank Credit in India (excluding inter-bank advances)].

Yours faithfully,

(Brij Raj)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12548&Mode=0>

**Amendment to the Master Direction (MD) on KYC**

RBI/2023-24/69
DOR.AML.REC.44/14.01.001/2023-24

October 17, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir / Madam,

**Amendment to the Master Direction (MD) on KYC**

Please refer to the [Master Direction (MD) on KYC dated February 25, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566), as amended from time to time, in terms of which Regulated Entities (REs) have to undertake Customer Due Diligence (CDD), as per the process laid out therein, for their customers.

2. In this regard, on a review, it has been decided to amend the MD on KYC to:

(a) Update certain instructions considering amendments to the PML Rules vide Government notifications dated September 4, 2023 and October 17, 2023;

(b) Update Annex II of the MD considering the changes to Government of India Order related to Unlawful Activities (Prevention) Act (UAPA), 1967, vide corrigendum dated August 29, 2023;

(c) Update Annex III of the MD by replacing the Government of India Order dated January 30, 2023, related to Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005) with the Government of India Order dated September 1, 2023 (which has been issued by the Government in suppression of the earlier WMD Act Order dated January 30, 2023), on the matter;

(d) Update certain instructions in accordance with the FATF Recommendations;

(e) Add a new Section 55A, on FCRA, in the MD on KYC; and

(f) Update certain other instructions post review.

The changes carried out in the MD in this regard are provided in [Annexure](https://rbidocs.rbi.org.in/rdocs/content/pdfs/MDKYC17102023_Annexure.pdf).

3. Accordingly, the relevant Sections of the [MD on KYC](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566) are hereby amended to reflect the changes furnished in Annexure. The amended provisions in the MD shall come into force with immediate effect.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12549&Mode=0>

**Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on November 10, 2023)**

RBI/DoR/2023-24/106
DoR.FIN.REC.No.45/03.10.119/2023-24

October 19, 2023
(Updated as on November 10, 2023)

**Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023**

The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Reserve Bank to regulate the financial system to the advantage of the country and to prevent the affairs of any Non-Banking Financial Company from being conducted in a manner detrimental to the interest of investors and depositors or in any manner prejudicial to the interest of such NBFCs, and in exercise of the powers conferred under sections 45JA, 45K, 45L and 45M of the Reserve Bank of India Act, 1934 (Act 2 of 1934) and section 3 read with section 31A and section 6 of the Factoring Regulation Act, 2011 (Act 12 of 2012), hereby issues to every NBFC, in supersession of the [Non-Banking Financial Company–Non-Systemically Important Non-Deposit taking (Reserve Bank) Directions, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10585) and [Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586), Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ([the Directions](https://rbidocs.rbi.org.in/rdocs/content/pdfs/106MDNBFCs19102023_ANN.pdf)), hereinafter specified.

(J P Sharma)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12550&Mode=0>

**Appointment of Whole-Time Director(s)**

RBI/2023-24/70
DOR.HGG.GOV.REC.46/29.67.001/2023-24

October 25, 2023

All Private Sector Banks and
Wholly-Owned Subsidiaries of Foreign Banks
(excluding Payment Banks and Local Area Banks)

Madam / Dear Sir

**Appointment of Whole-Time Director(s)**

Please refer to paragraph 10 and 11 of our instructions [DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12078&Mode=0) on ‘Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board’.

2. Given the growing complexity of the banking sector, it becomes imperative to establish an effective senior management team in the banks to navigate ongoing and emerging challenges. Establishment of such a team may also facilitate succession planning, especially in the background of the regulatory stipulations in respect of tenure and upper age limit for Managing Director and Chief Executive Officer (MD&CEO) positions.

3. To address these issues and challenges, banks are advised to ensure the presence of at least two Whole Time Directors (WTDs), including the MD&CEO, on their Boards. The number of WTDs shall be decided by the Board of the bank by taking into account factors such as the size of operations, business complexity, and other relevant aspects. In compliance to these instructions, banks that currently do not meet the minimum requirement as above are advised to submit their proposals for the appointment of WTD(s) under Section 35B(1)(b) of the Banking Regulation Act, 1949, within a period of four months from the date of issuance of this circular. Those banks which do not already have the enabling provisions regarding appointment of WTDs in their Articles of Association may first seek necessary approvals under Section 35B(1)(a) of the Act ibid, expeditiously, so as to be in a position to comply with the requirements under these instructions. While ensuring compliance to the above instructions, careful consideration shall also be given to meet the requirements under other applicable statutory/regulatory provisions.

Yours faithfully

(Scenta Joy)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12551&Mode=0>

**Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021: Presentation of unclaimed liabilities transferred to Depositor Education and Awareness (DEA) Fund**

RBI/2023-24/71
DOR.ACC.47/21.04.018/2023-24

October 25, 2023

Madam / Sir,

**Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021: Presentation of unclaimed liabilities transferred to Depositor Education and Awareness (DEA) Fund**

The ‘Notes and Instructions for compilation’ given in Annex II to the [Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 (Master Direction)](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12158) require commercial banks to present all unclaimed liabilities, where the amount due has been transferred to the Depositor Education and Awareness (DEA) Fund established under the DEA Fund Scheme, 2014, under ‘Schedule 12- Contingent Liabilities - Other items for which the bank is contingently liable’.

2. To ensure consistency in presentation of financial statements, it is advised that all co-operative banks shall present all unclaimed liabilities (where the amount due has been transferred to DEA Fund) under “Contingent Liabilities – Others”.

3. Further, all banks shall specify in the disclosures[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12552&Mode=0#F1) in the notes to accounts to the financial statements that balances of the amount transferred to DEA Fund are included under 'Schedule 12 - Contingent Liabilities - Other items for which the bank is contingently liable' or 'Contingent Liabilities - Others,' as the case may be.

**Applicability**

4. These instructions are applicable to all commercial and cooperative banks for preparation of financial statements for the financial year ending March 31, 2024 and onwards.

5. The [Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12158) stands updated to reflect these changes.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12552&Mode=0>

**Strengthening of customer service rendered by Credit Information Companies and Credit Institutions**

RBI/2023-24/73
DoR.FIN.REC.49/20.16.003/2023-24

October 26, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, and excluding Payments Banks)
All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ Central Co-operative Banks
All Non-Banking Financial Companies (including Housing Finance Companies)
All-India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NaBFID)
All Asset Reconstructions Companies
All Credit Information Companies

Dear Sir/ Madam

**Strengthening of customer service rendered by Credit Information Companies and Credit Institutions**

Please refer to para 4 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473) released with the [Bi-monthly Monetary Policy Statement 2023-24 on April 6, 2023](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55472), wherein it was announced that a comprehensive framework will be put in place for strengthening and improving the efficacy of the grievance redress mechanism and customer service provided by the Credit Institutions (CIs) and Credit Information Companies (CICs).

2. Accordingly, in exercise of the powers conferred by sub-section (1) of section 11 of the Credit Information Companies (Regulation) Act, 2005 (CICRA, 2005), the Reserve Bank of India directs CICs and CIs to implement the directions as detailed below:

2.1. **Intimation of access to Credit Information Report and updation of credit information with Credit Information Companies**

1. CICs shall send alerts through SMS/ email to customers when their Credit Information Report (CIR) is accessed by the Specified Users (SUs) as defined in sub-section (l) of section 2 of CICRA, 2005, wherever mobile number/ email ID details of the customers are available. The alerts shall be sent by CICs only when the CIR enquiry reflects in the CIR of the customer.
2. CIs shall send alerts through SMS/ email to customers while submitting information to CICs regarding default/ Days Past Due (DPD) in existing credit facilities, wherever the mobile number/email ID details are available.
3. To enable sending of alerts through SMS/ email, the Uniform Credit Reporting Format for reporting credit information by CIs to CICs has been modified as detailed in [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/73NT26102023_AN1.pdf) (Item 1).
4. CIs are advised to organise special awareness campaigns to sensitise their customers about benefits of submission of their mobile numbers/ email IDs.

2.2. **Setting up of Nodal points/ officials by CIs**

1. CIs shall have a dedicated nodal point/ official of contact for CICs for redress of customer grievances. Details of the nodal point/ official along with email ID and telephone/ mobile number shall be furnished by CIs to CICs.
2. CIs shall inform CICs of any changes in the nodal points/ official within five (5) calendar days of such a change.

2.3. **Root Cause Analysis of the Complaints by CIs**

1. CIs shall undertake Root Cause Analysis (RCA) of the customer grievances at least on a half yearly basis. CIs shall also use, among others, information on data rejected by the CICs and Data Quality Index (DQI) provided by CICs as sources of information for carrying out RCA.
2. Analysis of the RCA shall be reviewed by the Top Management of CIs, at least, on an annual basis.

2.4. **Reasons for rejection of requests for data correction by CIs**

1. CIs shall inform the customers the reasons for the rejection of their request for data correction, if any, to enable such customers to better understand the issues in the CIR.
2. A list of reasons for rejection of requests shall be circulated by CICs to all CIs. CIs shall use the same while communicating the rejections of the request for data correction made by customers/ CICs during the grievance redress process.

2.5. **Periodic review of match logic algorithm by CICs**

1. CICs shall have a board-approved policy for undertaking periodic review (at least on a half-yearly basis) of the ‘Search & Match’ logic algorithm implemented by them to provide Credit Information Report (CIR) of a borrower.
2. Root Cause Analysis (RCA) of the complaints being undertaken by CICs shall be used to identify issues in the existing ‘Search & Match’ logic algorithm.
3. Results of the RCA and subsequent changes in the search and match logic shall be placed before the Board of Directors of the CIC for review.

2.6. **Ingestion of credit information data by CICs**

1. CICs shall ingest credit information data received from the Credit Institutions (CIs) as per its data acceptance rules, into their databases within seven (7) calendar days of its receipt from the CIs.
2. In case of data rejection, CICs shall communicate to the concerned CI, regarding rejection of the data with reasons, within seven (7) calendar days of receipt of the data.

2.7. **Disclosure of complaints on credit information reporting by CICs**

CICs shall disclose on their websites, details of complaints registered against them and CIs as per the format given in [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/73NT26102023_AN1.pdf) (Table 1 and 2).

2.8. **Easy access to Free Full Credit Report for the individuals by CICs**

CICs shall provide easy access to Free Full Credit Report[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12553&Mode=0#FT1) (FFCR) including credit score, once in a year (January- December), to individuals whose credit history is available with the CIC by displaying the link prominently on their website (on the Home page itself) so that individuals are able to access their FFCR conveniently.

3. The directions shall come into effect six (6) months from the date of this circular. CICs and CIs are directed to put in place necessary systems and processes to implement these directions within this period.

4. CICs and CIs which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.

Yours faithfully,

(R. Lakshmi Kanth Rao)
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12553&Mode=0>

**Framework for compensation to customers for delayed updation/ rectification of credit information**

RBI/2023-24/72
DoR.FIN.REC.48/20.16.003/2023-24

October 26, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, and excluding Payments Banks)
All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ Central Co-operative Banks
All Non-Banking Financial Companies (including Housing Finance Companies)
All-India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NaBFID)
All Asset Reconstruction Companies
All Credit Information Companies

Dear Sir/ Madam.

**Framework for compensation to customers for delayed updation/ rectification of credit information**

Please refer to para 4 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473) released with the [Bi-monthly Monetary Policy Statement 2023-24 on April 6, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55472), wherein it was announced, inter alia, that a compensation mechanism will be put in place for delayed updation/rectification of credit information by the credit institutions (CIs) and credit information companies (CICs).

2. Accordingly, in exercise of the powers conferred by sub-section (1) of section 11 of the Credit Information Companies (Regulation) Act, 2005 (CICRA, 2005), the Reserve Bank of India directs CICs and CIs to implement the compensation framework for delayed updation/rectification of credit information by CIs and CICs as detailed below:

(a) Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/ CIC.

**Explanation:**

1. Section 21 (3) of CICRA, 2005 provides that a complainant may request a CIC or CI to update the credit information by making an appropriate correction, addition or otherwise, and on such request the CI or CIC shall take steps to update the credit information within thirty (30) days after being requested to do so.
2. Rule 20 (3) (c) of CIC Rules, 2006 provides that the CI shall forward the corrected particulars of the credit information to the CIC or complainant within a period of twenty-one (21) days from the date when the CI was informed of the inaccuracy in the credit information.
3. The combined reading of Section 21(3) of CICRA, 2005 and Rule 20 (3) (c) of Credit Information Companies Rules, 2006 provide the CI and the CIC, collectively, an overall limit of thirty (30) days to resolve/ dispose of the complaint. In effect, this would mean that a CI would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.

(b) A CI shall pay compensation to the complainant if the CI has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.

(c) A CIC shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a CI, despite the CI having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC.

(d) The complainant shall be advised by the CI/ CIC of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by CI and CIC.

(e) Compensation to be provided by the CICs/ CIs to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the CIs/ CICs concerned proportionately. Illustrative examples of the same are given in [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NOTI72FCCD261023_AN.pdf).

(f) Where the grievance/ complaint involves inaccurate credit information provided by more than one CI, the complaint shall be registered by the complainant with the concerned CIC. The CIC shall coordinate with all the CIs concerned and furnish the complainant with a comprehensive resolution of the grievance.

(g) Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.

(h) Where the complaint has been received and registered by a CI and there has been a delay in the resolution of the complaint, the CI shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI and/ or CIC(s).

(i) The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.

(j) The CICs/ CIs shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and the CIs/ CICs will not be held responsible for any incorrect information provided by the complainant.

(k) The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

(l) The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by CIs or CICs.

(m) In case of wrongful denial of compensation by CIs which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India.

(n) **Non-Maintainability:** The compensation framework shall not be applicable in the following cases:

1. disputes for which remedy has been provided under Section 18 of CICRA, 2005. The Section 18 of CICRA, 2005 provides that for disputes arising amongst, CICs, CIs, borrowers, and clients on matters relating to the business of credit information and for which no remedy has been provided under CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996.
2. complaints/ references relating to (a) internal administration, (b) human resources, (c) pay and emoluments of staff, and (d) references in the nature of suggestions and commercial decisions of the CIC/CI.
3. complaints pertaining to disputes/ grievances regarding the computation of the credit score/ credit score model.
4. complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

3. The compensation framework shall come into effect six (6) months from the date of this circular. CICs and CIs are directed to put in place necessary systems and processes to implement the compensation framework within this period.

4. CICs and CIs which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.

Yours faithfully,

(R. Lakshmi Kanth Rao)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12554&Mode=0>

**Non-Callable Deposits - Master Direction on Interest Rate on Deposits**

RBI/2023-24/74
DOR.SPE. REC. No 51/13.03.000/2023-24

October 26, 2023

**Non-Callable Deposits - Master Direction on Interest Rate on Deposits**

Please refer to the instructions contained in Section 7 of the [Master Direction (MD) on Interest Rate on Deposits dated March 03, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296) and [Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10394). In terms of these instructions, banks have been permitted to offer domestic term deposits (TDs) without premature withdrawal option, provided that all TDs accepted from individuals for an amount of Rupees fifteen lakh and below shall have premature-withdrawal-facility. Further, the banks have also been permitted to offer differential rate on interest on TDs based on non-callability of deposits (i.e., non-availability of premature withdrawal option) in addition to tenor and size of deposits.

2. On a review, it has been decided that (i) the minimum amount for offering non-callable TDs may be increased from Rupees fifteen lakh to Rupees one crore i.e., all domestic term deposits accepted from individuals for amount of Rupees one crore and below shall have premature-withdrawal-facility and (ii) these instructions shall also be applicable for Non-Resident (External) Rupee (NRE) Deposit / Ordinary Non-Resident (NRO) Deposits.

3. Accordingly, the relevant sections of the Master Direction have been amended as indicated in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12555&Mode=0#ANN1).

4. All other instructions shall remain unchanged.

**Applicability**

5. This circular is applicable to all Commercial Banks and Co-operative Banks.

6. These instructions shall come into force with immediate effect.

Yours faithfully,

(Sunil T S Nair)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12555&Mode=0>

**Review of Instructions on Bulk Deposits for Regional Rural Banks (RRBs)**

RBI/2023-24/75
DoR.SPE.REC.50/13.03.00/2023-2024

October 26, 2023

All Regional Rural Banks

Sir / Madam,

**Review of Instructions on Bulk Deposits for Regional Rural Banks (RRBs)**

Please refer to Para 3 (a) (i) of [Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 3, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296), in terms of which “Bulk Deposit” means:

1. Single Rupee term deposits of Rupees two crore and above for Scheduled Commercial Banks (excluding Regional Rural Banks) and Small Finance Banks.
2. Single Rupee term deposits of Rupees fifteen lakhs and above for RRBs.

2. On a review, it has been decided to enhance the bulk deposit limit for Regional Rural Banks. Accordingly, “Bulk Deposit” for Regional Rural Banks would now mean Single Rupee term deposits of Rupees one crore and above. The relevant sections of the Master Direction as amended are indicated in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12556&Mode=0#ANN_1).

3. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Sunil T. S. Nair)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12556&Mode=0>

**Joining the Account Aggregator Ecosystem as Financial Information User**

RBI/2023-24/77
DoR.FIN.REC.53/03.10.123/2023-24

October 26, 2023

All Regulated Entities of the Bank

Dear Sir/ Madam,

**Joining the Account Aggregator Ecosystem as Financial Information User**

Please refer to the [Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10598).

2. It has been observed that certain entities, which are eligible to join Account Aggregator (AA) ecosystem as Financial Information Provider (FIP), have onboarded as Financial Information User (FI-U) only. Consequently, such entities are accessing financial information from other FIPs but are not providing the financial information held by them. As such, with a view to ensure efficient and optimum utilisation of the AA ecosystem, it has been decided that regulated entities of the Bank joining the AA ecosystem as FI-U shall necessarily join as FIP also, if they hold the specified financial information and fall under the definition of FIP.

3. The [Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10598), is being modified accordingly.

Yours faithfully,

(R. Lakshmi Kanth Rao)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12558&Mode=0>

**Clarification regarding Shifting of Branches/Offices/Extension Counters within the same city, town or village by District Central Co-operative Banks (DCCBs) and Guidelines on Closure of Branches and Extension Counters by DCCBs**

RBI/2023-24/78
DoR.REG/LIC.No.54/19.51.052/2023-24

October 30, 2023

Madam / Sir

**Clarification regarding Shifting of Branches/Offices/Extension Counters within the same city, town or village by District Central Co-operative Banks (DCCBs) and Guidelines on Closure of Branches and Extension Counters by DCCBs**

Pursuant to the amendment to the Banking Regulation Act (No.39 of 2020) dated September 29, 2020, District Central Co-operative Banks (DCCBs) are permitted to open new place of business/install ATMs or shift the location of such offices only after obtaining prior approval of the Reserve Bank of India (RBI). Accordingly, guidelines for opening of new place of business by District Central Co-operative Banks (DCCBs) – Section 23 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) were issued vide [Circular DOR.REG.No.63/19.51.052/2022-23 dated August 11, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12375&Mode=0).

2. In this regard, RBI has been receiving references seeking clarifications on shifting of branches within the same locality and closure of un-remunerative branches by District Central Co-operative Banks (DCCBs).

3. On examination of the matter, it has been decided to issue requisites clarifications regarding Shifting of Branches/Offices/Extension Counters within the same city, town or village by DCCBs and Guidelines on Closure of Branches and Extension Counters by DCCBs, as enclosed in [Annex - 1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12559&Mode=0#ANN1).

**Commencement**

4. These guidelines will come into effect from the date of issue of this circular.

**Applicability**

5. This circular is applicable to all District Central Co-operative Banks.

Yours faithfully

(Manoranjan Padhy)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12559&Mode=0>

**Banking Regulation (Amendment) Act 2020 - Change in Name of Co-operative Banks**

RBI/2023-24/79
DoR.REG/LIC.No.55/07.01.000/2023-24

October 30, 2023

Chairman / Managing Director / Chief Executive Officer
All Primary (Urban) Co-operative Banks
All State Co-operative Banks and
All District Central Co-operative Banks

Madam / Dear Sir

**Banking Regulation (Amendment) Act 2020 - Change in Name of Co-operative Banks**

Pursuant to the notification of the Banking Regulation (Amendment) Act (No. 39 of 2020), Sections 49B and 49C of Banking Regulation Act, 1949 (‘BR Act’) are applicable to Co-operative Banks. In terms of Section 49B, the Central Registrar of Cooperative Societies (CRCS)/Registrar of Cooperative Societies (RCS) shall not signify its approval to the change of name of any co-operative bank unless the Reserve Bank certifies in writing that it has no objection to such change. Further, in terms of Section 49C, no application for the confirmation of the alteration of bye-laws of a co-operative bank shall be maintainable unless Reserve Bank certifies that there is no objection to such alteration.

2. Accordingly, it has been decided to issue guidelines with regard to the procedure to be followed for any change in name by a Co-operative Bank as enclosed in [Annex -1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12560&Mode=0#ANN1).

**Commencement**

3. These guidelines will come into effect from the date of issue of this circular.

Yours faithfully

(Manoranjan Padhy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12560&Mode=0>

**Regulation of Payment Aggregator – Cross Border (PA - Cross Border)**

RBI/2023-24/80
CO.DPSS.POLC.No.S-786/02-14-008/2023-24

October 31, 2023

All Payment System Providers and Payment System Participants

Madam / Dear Sir,

**Regulation of Payment Aggregator – Cross Border (PA - Cross Border)**

A reference is invited to the Reserve Bank of India (RBI) circulars on –

1. ‘Guidelines on Regulation of Payment Aggregators and Payment Gateways’ – (a) [DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11822&Mode=0) and (b) [CO.DPSS. POLC.No.S33/02-14-008/2020-2021 dated March 31, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12050&Mode=0),
2. ‘Processing and Settlement of Export related receipts facilitated by Online Payment Gateways’ - [A.P. (DIR Series) Circular No. 17 dated November 16, 2010](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=6107&Mode=0),
3. ‘Processing and Settlement of Export related receipts facilitated by Online Payment Gateways – Enhancement of the value of transaction’ - [A.P. (DIR Series) Circular No. 109 dated June 11, 2013](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=8030&Mode=0),
4. ‘Processing and settlement of import and export related payments facilitated by Online Payment Gateway Service Providers’ – [A.P. (DIR Series) Circular No.16 dated September 24, 2015](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10037&Mode=0), and
5. ‘Processing and settlement of small value Export and Import related payments facilitated by Online Export-Import Facilitators (OEIF) (erstwhile OPGSP)’ – [draft circular issued on April 7, 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53530) for seeking feedback from banks and other stakeholders.

2. All Payment Aggregators (PAs) which facilitate processing of domestic transactions in online mode are covered within the scope of the circulars referred to above at paragraph 1(a). Further, instructions for cross-border payment transactions are provided for in the circulars mentioned above at paragraphs 1(c) to 1(e) as well as through specific approval given by the RBI to banks for their collection agent arrangements.

3. Keeping in view the developments that have taken place in the area of cross-border payments, it has been decided to bring all entities facilitating cross-border payment transactions for import and export of goods and services under direct regulation of the RBI. Such entities shall be treated as Payment Aggregator-Cross Border (PA-CB); details thereof are provided in [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12561&Mode=0#ANN1).

4. Entities, including Authorised Dealer (AD) banks, PAs and PAs-CB, involved in processing / settlement of cross-border payment transactions for import and export of goods and services, shall comply with these instructions (as updated from time to time).

5. This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007), and, Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999), and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12561&Mode=0>

**Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices**

RBI/2023-24/107
DoS.CO.CSITEG/SEC.7/31.01.015/2023-24

November 7, 2023

The Chairman/Managing Director/Chief Executive Officer
Scheduled Commercial Banks (excluding Regional Rural Banks);
Small Finance Banks; Payments Banks;
Non-Banking Financial Companies;
Credit Information Companies; and
All India Financial Institutions (EXIM Bank, NABARD, NaBFID, NHB and SIDBI)

Madam/Dear Sir,

**Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices**

Please refer to paragraph IV (8) of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53248) released with the [Bi-monthly Monetary Policy Statement 2021-22 on February 10, 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53247), wherein it was announced that draft guidelines, updating and consolidating the instructions relating to Information Technology (IT) Governance and Controls, Business Continuity Management and Information Systems Audit, will be issued by the Reserve Bank of India.

2. Accordingly, a draft Master Direction on the subject was published in [October 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54571) seeking public comments.  Based on feedback received, the final Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 are enclosed herewith.

Yours faithfully,

(T.K.Rajan)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12562&Mode=0>

**‘Fully Accessible Route’ for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds**

RBI/2023-24/81
FMRD.FMID.No. 04/14.01.006/2023-24

November 08, 2023

To

All participants in Government Securities market

Madam/Sir,

**‘Fully Accessible Route’ for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds**

A reference is invited to the [Press Release on ‘Issuance Calendar for Marketable Dated Securities for October 2023 - March 2024’ dated September 26, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56446), issued by the Reserve Bank, notifying, inter alia, the issuance calendar for Sovereign Green Bonds for the fiscal year 2023-24. Attention is also invited to the Fully Accessible Route (FAR) introduced by the Reserve Bank, vide [A.P. (DIR Series) Circular No. 25 dated March 30, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0), wherein certain specified categories of Central Government securities were opened fully for non-resident investors without any restrictions, apart from being available to domestic investors as well.

2. The Government Securities that are eligible for investment under the FAR (‘specified securities’) were notified by the Bank, vide [circular no. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11850&Mode=0), [circular no. FMRD.FMID.No.04/14.01.006/2022-23 dated July 07, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12354&Mode=0) and [circular no. FMRD.FMID.No. 07/14.01.006/2022-23 dated January 23, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12444&Mode=0).

3. It has now been decided to also designate all Sovereign Green Bonds issued by the Government in the fiscal year 2023-24 as ‘specified securities’ under the FAR.

4. The Directions contained in this circular have been issued under Section 45W of Chapter IIID of the Reserve Bank of India Act, 1934 and are without prejudice to permissions/ approvals, if any, required under any other law.

5. These Directions shall be applicable with immediate effect.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12563&Mode=0>

**Guidelines on import of silver by Qualified Jewellers as notified by – The International Financial Services Centres Authority (IFSCA)**

RBI/2023-2024/83
A.P. (DIR Series) Circular No. 07

November 10, 2023

To,

All Category-I Authorised Dealer Banks

Madam/Sir

**Guidelines on import of silver by Qualified Jewellers as notified by –
The International Financial Services Centres Authority (IFSCA)**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to [A.P. (DIR Series) Circular No.04 dated May 25, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0), in terms of which AD Category-I banks have been permitted to remit advance payments on behalf of Qualified Jewellers as notified by International Financial Services Centres Authority (IFSCA) for eleven days for import of gold through India International Bullion Exchange IFSC Ltd (IIBX).

2. Further, attention of AD Category-I banks is invited to Notification No.35/2023 dated October 11, 2023 issued by DGFT, in terms of which, in addition to nominated agencies as notified by RBI (in case of banks) and DGFT (for other agencies), Qualified Jewellers as notified by International Financial Services Centres Authority (IFSCA) have been permitted to import silver under specific ITC(HS) Codes through IIBX.

3. Accordingly, it has been decided that AD Category-I banks may allow Qualified Jewellers to remit advance payment for eleven days for import of silver through IIBX subject to the conditions as mentioned in [A.P. (DIR Series) Circular No.04 dated May 25, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0).

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Puneet Pancholy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12565&Mode=0>

**Regulatory measures towards consumer credit and bank credit to NBFCs**

RBI/2023-24/85
DOR.STR.REC.57/21.06.001/2023-24

November 16, 2023

Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)
Non-Banking Financial Companies (including HFCs)

Madam/Dear Sir,

**Regulatory measures towards consumer credit and bank credit to NBFCs**

Please refer to [Governor’s Statement dated October 6, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56501) flagging the high growth in certain components of consumer credit and advising banks and non-banking financial companies (NBFCs) to strengthen their internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards, in their own interest. The high growth seen in consumer credit and increasing dependency of NBFCs on bank borrowings were also highlighted by Governor in the interactions with MD/CEOs of major banks and large NBFCs in July and August 2023, respectively.

2. In this context, it has been decided to effect the following measures as under:

**A. Consumer credit exposure**

(a) Consumer credit exposure of commercial banks

As per extant instructions applicable to commercial banks[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F1), consumer credit attracts a risk weight of 100%. On a review, it has been decided to increase the risk weights in respect of consumer credit exposure of commercial banks (outstanding as well as new), including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, by 25 percentage points to 125%.

(b) Consumer credit exposure of NBFCs

In terms of extant norms, NBFCs’ loan exposures generally attract a risk weight of 100%[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F2). On a review, it has been decided that the consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125%.

(c) Credit card receivables

As per extant instructions, credit card receivables of scheduled commercial banks (SCBs) attract a risk weight of 125%[3](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F3) while that of NBFCs attract a risk weight of 100%[4](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F4). On a review, it has been decided to increase the risk weights on such exposures by 25 percentage points to 150% and 125% for SCBs and NBFCs respectively.

**B. Bank credit to NBFCs**

In terms of extant norms, exposures of SCBs to NBFCs, excluding core investment companies, are risk weighted as per the ratings assigned by accredited external credit assessment institutions (ECAI)[5](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F5). On a review, it has been decided to increase the risk weights on such exposures of SCBs by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector in terms of the extant instructions shall be excluded.

**C. Strengthening credit standards**

(a) The REs shall review their extant sectoral exposure limits for consumer credit and put in place, if not already there, Board approved limits in respect of various sub-segments under consumer credit as may be considered necessary by the Boards as part of prudent risk management. In particular, limits shall be prescribed for all unsecured consumer credit exposures. The limits so fixed shall be strictly adhered to and monitored on an ongoing basis by the Risk Management Committee.

(b) All top-up loans extended by REs against movable assets which are inherently depreciating in nature, such as vehicles, shall be treated as unsecured loans for credit appraisal, prudential limits and exposure purposes.

3. The above instructions have been issued in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934 and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987.

4. The above instructions, other than paragraph 2C(a), shall come into force with immediate effect. All REs shall endeavour to comply with the provisions at paragraph 2C(a) at the earliest, but in any case shall implement them by no later than February 29, 2024.

Yours faithfully,

(Vaibhav Chaturvedi)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0>

**International Trade Settlement in Indian Rupees (INR) – Opening of additional Current Account for exports proceeds**

RBI/2023-2024/86
FED Circular No.08

November 17, 2023

To

All Scheduled Commercial Banks (holding AD Category-I license)

Madam/Sir

**International Trade Settlement in Indian Rupees (INR) – Opening of additional Current Account for exports proceeds**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to [A.P. (DIR Series) Circular No.10 dated July 11, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12358&Mode=0), in terms of which an additional arrangement has been put in place for invoicing, payment, and settlement of exports/imports in INR through Special Rupee Vostro Accounts of the correspondent bank/s of the partner trading country maintained with AD Category-I banks in India.

2. Further, attention of AD Category-I banks is invited to Para 4.1 of [circular DOR.CRE.REC.23/21.08.008/2022-23 dated April 19, 2022](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12293&fn=2&Mode=0) on Opening of Current Accounts and CC/OD Accounts by Banks. In terms of this provision and in order to provide greater operational flexibility to the exporters, AD Category-I banks maintaining Special Rupee Vostro Account as per the provisions of the Reserve Bank circular dated July 11, 2022 referred above are permitted to open an additional special current account for its exporter constituent exclusively for settlement of their export transactions.

Yours faithfully,

(Puneet Pancholy)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12568&Mode=0>

**Processing of e-mandates for recurring transactions**

RBI/2023-2024/88
CO.DPSS.POLC.No.S-882/02.14.003/2023-24

December 12, 2023

The Chairman / Managing Director / Chief Executive Officer
All Scheduled Commercial Banks, including Regional Rural Banks /
Urban Co-operative Banks / State Co-operative Banks /
District Central Co-operative Banks / Payments Banks /
Small Finance Banks / Local Area Banks /
Non-bank Prepaid Payment Instrument issuers / Authorised Card Payment Networks /
National Payments Corporation of India

Madam / Dear Sir,

**Processing of e-mandates for recurring transactions**

A reference is invited to our [circular CO.DPSS.POLC.No.S-518/02.14.003/2022-23 dated June 16, 2022](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12341&fn=9&Mode=0) in terms of which relaxation in Additional Factor of Authentication (AFA) was permitted while processing e-mandates / standing instructions on cards, Prepaid Payment Instruments and Unified Payments Interface, for subsequent recurring transactions with values up to ₹15,000/-, subject to conditions listed therein.

2. In this regard, as announced in the [Statement on Developmental and Regulatory Policies dated December 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56889), it has been decided to increase the limit from ₹15,000/- to ₹1,00,000/- per transaction for the following categories: (a) subscription to mutual funds, (b) payment of insurance premiums, and (c) credit card bill payments.

3. This circular is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007), and shall come into effect immediately.

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12570&Mode=0>

**Investments in Alternative Investment Funds (AIFs)**

RBI/2023-24/90
DOR.STR.REC.58/21.04.048/2023-24

December 19, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)
All Primary (Urban) Co-operative Banks/State Co-operative Banks/ Central Co-operative Banks
All All-India Financial Institutions
All Non-Banking Financial Companies (including Housing Finance Companies)

**Investments in Alternative Investment Funds (AIFs)**

Regulated entities (REs) make investments in units of AIFs as part of their regular investment operations. However, certain transactions of REs involving AIFs that raise regulatory concerns have come to our notice. These transactions entail substitution of direct loan exposure of REs to borrowers, with indirect exposure through investments in units of AIFs.

2. In order to address concerns relating to possible evergreening through this route, it is advised as under:

(i) REs shall not make investments in any scheme of AIFs which has downstream investments either directly or indirectly in a debtor company of the RE.

Explanation: The debtor company of the RE, for this purpose, shall mean any company to which the RE currently has or previously had a loan or investment exposure anytime during the preceding 12 months.

(ii) If an AIF scheme, in which RE is already an investor, makes a downstream investment in any such debtor company, then the RE shall liquidate its investment in the scheme within 30 days from the date of such downstream investment by the AIF. If REs have already invested into such schemes having downstream investment in their debtor companies as on date, the 30-day period for liquidation shall be counted from date of issuance of this circular. REs shall forthwith arrange to advise the AIFs suitably in the matter.

(iii) In case REs are not able to liquidate their investments within the above-prescribed time limit, they shall make 100 percent provision on such investments.

3. In addition, investment by REs in the subordinated units of any AIF scheme with a ‘priority distribution model’ shall be subject to full deduction from RE’s capital funds.

Explanation: ‘Priority distribution model’ shall have the same meaning as specified in the SEBI circular SEBI/HO/AFD-1/PoD/P/CIR/2022/157 dated November 23, 2022.

4. These instructions have been issued in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 read with Section 56 of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934 and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987.

5. The above instructions shall become effective immediately.

Yours faithfully,

(Vaibhav Chaturvedi)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12572&Mode=0>

**Card-on-File Tokenisation (CoFT) – Enabling Tokenisation through Card Issuing Banks**

RBI/2023-24/91
CO.DPSS.POLC.No.S-919/02-14-003/2023-24

December 20, 2023

All Payment System Providers and Payment System Participants

Madam / Dear Sir,

**Card-on-File Tokenisation (CoFT) – Enabling Tokenisation through Card Issuing Banks**

The card tokenisation services are being currently provided by card issuers and card networks in terms of [Reserve Bank of India circulars DPSS.CO.PD No.1463/02.14.003/2018-19 dated January 8, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11449&Mode=0) on “Tokenisation – Card transactions”, [CO.DPSS.POLC.No.S-516/02-14-003/2021-22 dated September 07, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12159&Mode=0) on “Tokenisation – Card Transactions: Permitting Card-on-File Tokenisation (CoFT) Services” and [CO.DPSS.POLC.No.S-567/02-14-003/2022-23 dated June 24, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12345&Mode=0) on “Restriction on Storage of Actual Card Data [i.e. Card-on-File (CoF)]”.

2. As announced in the [Statement on Development and Regulatory Policies dated October 6, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56503), it has been decided to enable CoFT directly through card issuing banks / institutions also. This will provide cardholders with an additional choice to tokenise their cards for multiple merchant sites through a single process. Detailed requirements for the same are listed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12573&Mode=0#AS).

3. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12573&Mode=0>

**Reverse Repo transactions - Reporting in Form ‘A’ Return**

RBI/2023-24/92
DoR.RET.REC.59/12.01.001/2023-24

December 22, 2023

The Chairperson / CEOs of all Commercial Banks

Madam / Dear Sir,

**Reverse Repo transactions - Reporting in Form ‘A’ Return**

Please refer to the [circular DoR.RET.REC.43/12.01.001/2023-24 dated October 16, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12548&Mode=0) on the captioned subject.

2. On a review, it has been decided to revise the instructions contained in Para B of the above circular. Accordingly, the Reverse Repo transactions of a bank with non-banks (other institutions) should be reported as under:

1. For original tenors up to and inclusive of 14 days - Not required to be reported in Form A.
2. For original tenors more than 14 days - Item VI(a) of Form A [i.e. Loans, cash credits and overdrafts under Bank Credit in India (excluding inter-bank advances)]

3. All other instructions specified in the above [circular dated October 16, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12548&Mode=0) remain unchanged.

Yours faithfully,

(Brij Raj)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12574&Mode=0>

**Liberalised Remittance Scheme (LRS) for Resident Individuals- Reporting of monthly return and daily transactions**

RBI/2023-24/93
A.P. (DIR Series) Circular No.11

December 22, 2023

To

All Category-I Authorised Dealer Banks

Madam/Sir,

**Liberalised Remittance Scheme (LRS) for Resident Individuals- Reporting of monthly return and daily transactions**

Attention of all Authorised Dealer Category-I (AD Category- I) banks is invited to [A.P. (DIR Series) Circular No. 07 dated June 17, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12115&Mode=0), in terms of which, AD Category-I banks were required to upload data in respect of number of applications received and the total amount remitted under Liberalised Remittance Scheme (LRS) on a monthly basis on XBRL site and [A.P. (DIR Series) Circular No. 23 dated April 12, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11255&Mode=0), in terms of which, AD Category-I banks were required to upload daily transaction-wise information undertaken by them under LRS on XBRL site.

2. It has now been decided that, with effect from **December 26, 2023**, the submission of both the returns through the XBRL site will be discontinued and shifted to the Centralised Information Management System (CIMS), which is the Bank’s new data warehouse. AD Category-I banks have already been onboarded on CIMS portal, and are currently submitting both the returns on XBRL site as well as CIMS portal. The LRS monthly return and LRS daily return have been assigned return codes- ‘R089’ and ‘R010’ respectively on CIMS portal.

3. Accordingly, AD Category-I banks shall upload the LRS monthly return on or before fifth of the succeeding month commencing from the reporting month of December 2023, and LRS daily return from December 26, 2023 onwards on the next working day on CIMS portal (URL: [https://sankalan.rbi.org.in](https://sankalan.rbi.org.in/)). In case no data is to be furnished, AD Category-I banks shall upload a ‘NIL’ report.

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents.

5. The directions contained in this circular have been issued under Section 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Puneet Pancholy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12575&Mode=0>

**CIMS Project implementation - Discontinuation of submission in legacy XBRL**

RBI/2023-24/94
A.P. (DIR Series) Circular No.12

December 22, 2023

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**CIMS Project implementation - Discontinuation of submission in legacy XBRL**

Attention of Authorised Dealer Category-I (AD Category- I) banks is invited to [A.P. (DIR Series) Circular No. 103 dated April 03, 2012](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=7108&Mode=0) and of [A.P. (DIR Series) Circular No. 30 dated September 15, 2014](https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9233&Mode=0) in terms of which, AD Category-I banks were required to submit the following statements on XBRL site –

(i) Statement on **half yearly** basis (end March/end September) showing the quantity and value of gold imported by the nominated banks/ agencies/ EOUs/ SEZs in Gem & Jewellery sector, mode of payment-wise,

(ii) Statement on **monthly basis** showing the quantity and value of gold imports by the nominated agencies (other than the nominated banks)/ EOUs/ SEZs in Gem & Jewellery sector during the month under report as well as the cumulative position as at the end of the said month beginning from the 1st month of the Financial Year.

2. It has now been decided to discontinue submission of the return through the XBRL system and shift to Centralised Information Management System (CIMS), Bank’s new data warehouse for data collection, with effect from **December 26, 2023**. AD Category-I banks have already been onboarded on CIMS portal and are currently undertaking parallel submission of the return on both XBRL site as well as CIMS portal. The returns have been named ‘Import of gold by EOUs, units in SEZ/EPZ and nominated agencies(M)’, ‘‘Import of gold by EOUs, units in SEZ/EPZ and nominated agencies(HY)’ and has been assigned return codes- ‘R132’ & ‘R133’ respectively on CIMS portal.

3. Accordingly, AD Category-I banks shall upload the two statements as mentioned at para 1 (i) and (ii) on CIMS portal (URL: [https://sankalan.rbi.org.in](https://sankalan.rbi.org.in/)) with effect from December 26, 2023. In case no data is to be furnished, AD Category-I banks shall upload a ‘NIL’ report.

4. The directions contained in this circular have been issued under Section 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Puneet Pancholy)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12576&Mode=0>

**Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023**

**RESERVE BANK OF INDIA
(FOREIGN EXCHANGE DEPARTMENT)
CENTRAL OFFICE
MUMBAI 400 001**

**No. FEMA 14(R)/2023-RB**

**December 21, 2023**

**Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023**

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in supersession of [Notification No. FEMA 14(R)/2016-RB dated May 02, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10392&Mode=0), except as respects things done or omitted to be done before such supersession, the Reserve Bank makes the following regulations, namely:

**1. Short title and commencement. -** (1) These regulations shall be called the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023.

(2) They shall come into force on the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/content/pdfs/FEMA14R22122023.pdf).

**2. Definitions. -** (1) In these regulations, unless the context otherwise requires,-

1. 'Act' means the Foreign Exchange Management Act, 1999 (42 of 1999);
2. 'Authorised Bank' shall have the same meaning as given in the Foreign Exchange Management (Deposit) Regulations, 2016 as amended from time to time.

(2) The words and expressions used but not defined in these regulations shall have the same meanings respectively assigned to them in the Act.

**3. Manner of receipt and payment. –** (1) Save as otherwise in a manner as provided in the Act or the rules or regulations made or directions issued under the Act, no person resident in India shall make or receive payment from a person resident outside India:

Provided that the Reserve Bank may, on an application made to it, permit a person resident in India to make or receive payment under the Act.

(2) The receipt and payment between a person resident in India and a person resident outside India shall, unless provided otherwise, be made through an Authorised Bank or Authorised Person and in the manner as specified below:

**(I) Trade transactions -** (a) receipt/payment for export to or import from the countries given below of eligible goods and services shall be made as under:

**(i) Nepal and Bhutan -** in Indian Rupees provided that in case of exports from India where the importer in Nepal has been permitted by the Nepal Rashtra Bank to make payment in foreign currency, such receipts towards the amount of the export may be in foreign currency;

**(ii) Member countries of ACU, other than Nepal and Bhutan -** through ACU mechanism or as per the directions issued by the Reserve Bank to authorised dealer from time to time:

Provided that in case of imports where the goods are shipped to India from a member country of the ACU (other than Nepal and Bhutan) but the supplier is resident of a country other than a member country of the ACU, the payment may be made in a manner as specified at (iii) below.

**(iii) Countries other than member countries of ACU -** In Indian Rupees or in any foreign currency.

(b) Notwithstanding anything contained in this sub-regulation, receipts and payments may also be made in a manner as may be provided in the extant Foreign Trade Policy framed by the Central Government.

Explanation: The expression ‘ACU’ (Asian Clearing Union) shall have the same meaning assigned to it under Article I of the ACU agreement and the ACU mechanism shall be construed accordingly.

**(II) Transactions other than trade transactions -** receipt and payment shall be made as under:

**(i) Nepal and Bhutan -** In Indian Rupees provided that in case of overseas investment in Bhutan, payment may also be made in foreign currency;

**(ii) Other Countries –** In Indian Rupees or any foreign currency.

(3) Payment and receipt in India for any current account transaction, other than a trade transaction, between any person resident in India and a person resident outside India, who is on a visit to India, may be made only in Indian Rupees.

Provided that any payment or receipt under regulation 3 may also be made by debit/ credit to a bank account maintained in terms of the rules, regulations or directions issued under the Act.

**(Dr Aditya Gaiha)
Chief General Manager-in-Charge**

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12579&Mode=0>

**Reserve Bank of India (Government Securities Lending) Directions, 2023**

RBI/2023-24/97
FMRD.DIRD.No.05/14.03.061/2023-2024

December 27, 2023

All participants in Government Securities market

Madam/Sir,

**Reserve Bank of India (Government Securities Lending) Directions, 2023**

Please refer to paragraph 1 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55179), issued as a part of the [Bi-monthly Monetary Policy Statement for 2022-23 dated February 08, 2023](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55178) on introduction of Securities Lending and Borrowing in Government Securities. In pursuance of the announcement, the [Draft Reserve Bank of India (Government Securities Lending) Directions, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55238) were placed on the Reserve Bank’s website, on February 17, 2023, to invite comments from banks, market participants and other interested parties.

2. Based on the comments received, [the Directions](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12580&Mode=0#Directions) have been finalized and are being issued herewith.

3. These Directions have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.

4. These Directions shall come into immediate effect.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12580&Mode=0>

 **MHP Exemption for Transfer of Receivables**

RBI/2023-24/99
DOR.STR.REC.60/21.04.048/2023-24

December 28, 2023

All Scheduled Commercial Banks (excluding Regional Rural Banks)
All All-India Financial Institutions
All Non-Banking Financial Companies (including Housing Finance Companies)

**MHP Exemption for Transfer of Receivables**

Please refer to clause 39, of the [Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 (“MD-TLE”)](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12166), regarding requirement of Minimum Holding Period (MHP) on transfer of loans.

2. In order to develop secondary market operations of receivables acquired as part of ‘factoring business’ as defined under the Factoring Regulation Act, 2011, it has been decided that transfer of such receivables by eligible transferors will be exempted from MHP requirement, subject to fulfilment of the following conditions:

1. The residual maturity of such receivables, at the time of transfer, should not be more than 90 days, and
2. As specified under clauses 10 and 35 of these directions, the transferee conducts proper credit appraisal of the drawee of the bill, before acquiring such receivables.

3. Accordingly, a suitable proviso has been added to clause 39 of MD-TLE, through amendment dated December 28, 2023.

4. All other provisions of the MD-TLE shall continue to be applicable, as hitherto.

Yours faithfully,

(Vaibhav Chaturvedi)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12582&Mode=0>

**Classification of MSMEs**

RBI/2023-24/100
FIDD.MSME & NFS.BC.No.13/06.02.31/2023-24

December 28, 2023

The Chairman/ Managing Director/Chief Executive Officer
All Scheduled Commercial Banks (except RRBs)
(including Small Finance Banks and Local Area Banks)

Dear Sir / Madam

**Classification of MSMEs**

Please refer to para 2.4 to 2.7 of the [Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector dated July 24, 2017](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11060) (as updated on July 29, 2022), inserted in terms of the [circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020](https://rbi.org.in/scripts/FS_Notification.aspx?Id=11934&fn=2754&Mode=0) on the new definition of MSME. The revised criteria for classification of enterprises as Micro, Small and Medium enterprises were notified by the Ministry of MSME, GoI vide [Gazette Notification S.O. 2119 (E) dated June 26, 2020](https://rbidocs.rbi.org.in/rdocs/content/pdfs/IndianGazzate02072020.pdf). Subsequent amendment has been made to the above notification by Government of India (GoI) vide [Gazette Notification S.O. 4926 (E) dated October 18, 2022](https://dcmsme.gov.in/Notification%20no%204926%20E%20dated%2018%20Oct%202022%20related%20to%20Non%20tax%20benefits.pdf).

2. As classification / re-classification of MSMEs is the statutory responsibility of Ministry of MSME, GoI as per the provisions of the MSMED Act, 2006, regulated entities shall be guided by the notifications issued by the Ministry of MSME in this regard, from time to time.

3. Accordingly, the following amendments are made in the above Master Direction- Lending to Micro, Small & Medium Enterprises (MSME) Sector:

|  |  |
| --- | --- |
| **Existing para** | **Revised para** |
| Para 2.2: All the above enterprises are required to register online on the Udyam Registration portal and obtain ‘Udyam Registration Certificate’. | Para 2.2: All the above enterprises are required to register online on the Udyam Registration portal and obtain ‘Udyam Registration Certificate’. For PSL purposes banks shall be guided by the classification recorded in the Udyam Registration Certificate (URC). |
| Para 2.4 to 2.7 | Deleted |

The [Master Direction](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11060) has been updated accordingly.

Yours faithfully

(R Giridharan)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12583&Mode=0>

**Framework for Dealing with Domestic Systemically Important Banks (D-SIBs) – 2023**

**(Revised upto December 28, 2023**[**1**](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4362#F1)**)**

**Introduction**

Some banks, due to their size, cross-jurisdictional activities, complexity, lack of substitutability and interconnectedness, become systemically important. The disorderly failure of these banks has the potential to cause significant disruption to the essential services they provide to the banking system, and in turn, to the overall economic activity. Therefore, the continued functioning of Systemically Important Banks (SIBs) is critical for the uninterrupted availability of essential banking services to the real economy.

**Lessons from recent global financial crisis**

2. It was observed during the recent global financial crisis that problems faced by certain large and highly interconnected financial institutions hampered the orderly functioning of the financial system, which in turn, negatively impacted the real economy. Government intervention was considered necessary to ensure financial stability in many jurisdictions. Cost of public sector intervention and consequential increase in moral hazard required that future regulatory policies should aim at reducing the probability of failure of SIBs and the impact of the failure of these banks.

3. As a response to the recent crisis, a series of reform measures were unveiled, broadly known as Basel III, to improve the resiliency of banks and banking systems. Basel III reform measures include: increase in the quality and quantity of regulatory capital of the banks, improving risk coverage, introduction of a leverage ratio to serve as a backstop to the risk-based capital regime, capital conservation buffer and countercyclical capital buffer as well as a global standard for liquidity risk management. These policy measures will cover all banks including SIBs. However, these policy measures are not adequate to deal with risks posed by SIBs. Therefore, additional policy measures for SIBs are necessary to counter the systemic risks and moral hazard issues posed by these banks, which other policy reforms do not address adequately.

**Additional risks posed by SIBs**

4. SIBs are perceived as banks that are ‘Too Big To Fail (TBTF)’. This perception of TBTF creates an expectation of government support for these banks at the time of distress. Due to this perception, these banks enjoy certain advantages in the funding markets. However, the perceived expectation of government support amplifies risk-taking, reduces market discipline, creates competitive distortions, and increases the probability of distress in the future. These considerations require that SIBs should be subjected to additional policy measures to deal with the systemic risks and moral hazard issues posed by them.

5. In October 2010[2](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4362#F2), the Financial Stability Board (FSB) recommended that all member countries needed to have in place a framework to reduce risks attributable to Systemically Important Financial Institutions (SIFIs) in their jurisdictions. The FSB asked the Basel Committee on Banking Supervision (BCBS) to develop an assessment methodology comprising both quantitative and qualitative indicators to assess the systemic importance of Global SIFIs (G-SIFIs), along with an assessment of the extent of going-concern loss absorbency capital which could be provided by various proposed instruments. In response, BCBS came out with a framework in November, 2011 (since up-dated in July, 2013) for identifying the Global Systemically Important Banks (G-SIBs) and the magnitude of additional loss absorbency capital requirements applicable to these G-SIBs.

6. The BCBS is also considering proposals such as large exposure restrictions and liquidity measures which are referred to as “other prudential measures” in the FSB Recommendations and Time Lines. The G20 leaders had asked the BCBS and FSB in November 2011 to extend the G-SIBs framework to Domestic Systemically Important Banks (D-SIBs) expeditiously.

**Identification of G-SIBs**

**BCBS methodology for identification of G-SIBs**

7. The BCBS has developed a methodology for assessing the systemic importance of G-SIBs. The methodology is based on an indicator-based measurement approach. The indicators capture different aspects that generate negative externalities, and make a bank systemically important and its survival critical for the stability of the financial system. The selected indicators are size, global (cross-jurisdictional) activity, interconnectedness, lack of substitutability or financial institution infrastructure, and complexity of the G-SIBs. The advantage of the multiple indicator-based measurement approach is that it encompasses many dimensions of systemic importance, it is relatively simple and more robust than currently available model-based measurement approaches and methodologies that rely on only a small set of indicators or market variables. The methodology gives an equal weight of 20% to each of the five categories of systemic importance indicators. Except the size category, the BCBS has identified multiple indicators in each of the other four categories, with each indicator equally weighted within its category. That is, where there are two indicators in a category, each indicator is given a weight of 10%; where there are three, the indicators are each weighted 6.67% (i.e. 20/3). For each bank, the score for a particular indicator is calculated by dividing the individual bank amount (expressed in EUR) by the aggregate amount for the indicator summed across all banks in the sample.

8. The indicator-based measurement approach is based on a large sample of banks, which works as a proxy for the global banking sector. The banks fulfilling any of the following three criteria are included in the sample:

i) 75 largest global banks (based on the Basel III leverage ratio exposure measure at the end of the financial year);

ii) Banks that have been designated as G-SIBs in the previous year (unless supervisors agree that there is a compelling reason to exclude them); and

iii) Banks that have been added to the sample by national supervisors using their supervisory judgement.

9. The banks with score (produced by the indicator-based measurement approach) that exceeds a cutoff level set by the BCBS are classified as G-SIBs. Supervisory judgement may also be used to add banks with scores below the cut-off to the list of G-SIBs. This judgement will be exercised according to the principles set out by BCBS. Based on the scores produced using the end-2011 data supplied by the sample banks, the tentative cutoff point set by the BCBS and use of supervisory judgement, 29 banks were classified as G-SIBs in November 2013 by the FSB. The FSB had identified 28 banks as G-SIBs in November 2012.

10. The banks identified as G-SIBs would be plotted in four different buckets depending upon their systemic importance scores in ascending order and they would be required to maintain additional capital in the range of 1% to 2.5% of their risk weighted assets depending upon the order of the buckets. The additional capital (higher loss absorbency requirement) is to be met with Common Equity Tier 1 (CET1) capital. An empty bucket at the top (fifth bucket) with a CET1 capital requirement of 3.5% has been provided to take care of banks, in case their systemic importance scores increase in future beyond the boundary of the fourth bucket. If this bucket gets populated in the future, a new bucket will be added. The bucketing system provides disincentive for adding to the systemic importance scores and incentives for banks to avoid becoming systemically more important. The higher loss absorbency (HLA) capital requirement would be phased-in parallel with the capital conservation buffer and countercyclical capital buffer.

11. The implementation of these measures will help reduce the probability and impact of failure of a SIB on the real economy and will also create a level playing field between the SIBs and non-SIBs by reducing competitive advantages of SIBs in funding markets. These policies will thus endeavour to curb amplification of risk taking and reduce competitive distortions.

**BCBS framework for dealing with the D-SIBs**

12. The BCBS finalized its framework for dealing with D-SIBs in October 2012. The DSIB framework focuses on the impact that the distress or failure of banks will have on the domestic economy. As opposed to G-SIB framework, D-SIB framework is based on the assessment conducted by the national authorities, who are best placed to evaluate the impact of failure on the local financial system and the local economy. D-SIB framework is based on a set of principles, which complement the G-SIB framework, address negative externalities and promote a level-playing field. The principles developed by the BCBS for D-SIBs provide national discretion in identifying D-SIBs and additional loss absorbency requirements applicable to them. A list of BCBS principles for D-SIBs is given in [Appendix 1](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4362#APP1).

**The methodology to be adopted by RBI to identify D-SIBs**

13. The process of assessment of systemic importance of banks will be a two-step process. In the first step, sample of banks to be assessed for their systemic importance will be decided. It is felt that systemic importance of all the banks need not be computed as many smaller banks would be of lower systemic importance and burdening these banks with onerous data requirements on a regular basis may not be prudent. Hence, the sample of banks for identification of D-SIBs may exclude many smaller banks. Once the sample of banks is selected, detailed study to compute their systemic importance could be initiated. Based on a range of indicators, a composite score of systemic importance for each bank in the sample will be computed. The banks having systemic importance above a threshold will be designated as D-SIBs. D-SIBs would be segregated into different buckets based on their systemic importance scores, and subject to loss absorbency capital surcharge in a graded manner depending on the buckets, in which they are placed. A D-SIB in lower bucket will attract lower capital charge and a D-SIB in higher bucket will attract higher capital charge.

**Sample of banks**

14. The banks will be selected for computation of systemic importance based on the analysis of their size (based on Basel III Leverage Ratio Exposure Measure) as a percentage of GDP. Banks having a size beyond 2% of GDP will be selected in the sample. For this purpose, latest GDP figure at market prices, released by Central Statistical Office, Government of India will be used. As foreign banks in India have smaller balance sheet size, none of them would automatically get selected in the sample. However, foreign banks are quite active in the derivatives market and the specialized services provided by these banks might not be easily substituted by domestic banks. It is, therefore, appropriate to include a few large foreign banks also in the sample of banks to compute the systemic importance.

**Assessment methodology**

15. The methodology to be used to assess the systemic importance is largely based on the indicator-based approach being used by BCBS to identify G-SIBs. The indicators to be used to assess domestic systemic importance of the banks are as follows:

i) Size;

ii) Interconnectedness;

iii) Lack of readily available substitutes or financial institution infrastructure; and

iv) Complexity.

16. The BCBS methodology for identification of G-SIBs gives equal weight for each of the indicators used to compute systemic importance with a cap assigned to the weight of substitutability indicator. However, methodology that will be adopted by RBI would give more weight to the size as it is felt that size is the most important indicator of systemic importance. Interconnectedness, substitutability and complexity indicators would be divided further into multiple indicators. Details of the data requirements for computation of systemic importance scores are given in [Appendix 2](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4362#APP2). A description of indicators, sub-indicators and their relative weights is as under:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl. No.** | **Indicator** | **Sub-indicator** | **Indicator weight** |
| 1 | Size (total exposure as defined for use in Basel III Leverage Ratio) | - | 40% |
| 2 | Interconnectedness | Intra-financial system assets | 6.67% |
| Intra-financial system liabilities | 6.67% |
| Securities outstanding | 6.67% |
| 3 | Substitutability | Assets Under Custody | 6.67% |
| Digital Payments made in INR | 6.67% |
| Underwritten transactions in debt and equity markets | 6.67% |
| 4 | Complexity | Notional amount of OTC Derivatives | 6.67% |
| Cross Jurisdictional Liabilities | 6.67% |
| Securities in Held For Trading and Available for Sale categories | 6.67% |

Size Indicator

17. The impairment or failure of a bank will more likely damage the domestic economy if its activities constitute significantly large share of domestic banking activities. Therefore, there is a greater chance that impairment or failure of a larger bank would cause greater damage to the financial system and domestic real economy. The impairment or failure of a bank with large size is also more likely to damage confidence in the banking system as a whole. Size is a more important measure of systemic importance than any other indicators and therefore, size indicator will be assigned more weight than the other indicators.

18. The size indicator takes into account both on- and off-balance sheet items. In order to be consistent with the BCBS methodology, size of a bank will be measured by using the same definition for total exposure measure used for calculation of leverage ratio of Basel III capital framework. The score for each bank will be calculated as its amount of total exposure divided by the sum total of exposures of all banks in the sample.

Interconnectedness Indicator

19. Impairment or failure of one bank may have the potential to increase the probability of impairment or failure of other banks if there is a high degree of interconnectedness (contractual obligations) with other banks. This chain effect operates on both sides of the balance sheet. There may be interconnections on the funding side as well as on the asset side of the balance sheet. The larger the number of linkages and size of individual exposures, the greater is the potential for the systemic risk getting magnified.

20. Interconnectedness indicator is divided into three sub-indicators: intra-financial system assets held by the bank, intra-financial system liabilities of the bank and total marketable securities issued by the bank. Intra-financial system assets comprise lending to financial institutions (including undrawn committed lines), holding of securities issued by other financial institutions, gross positive current exposure of Securities Financing Transactions and exposure value of those OTC derivatives which have positive current market value. Intra-financial system liabilities comprise deposits by other financial institutions (including undrawn committed lines), gross negative current exposure of Securities Financing Transactions and exposure value of those OTC derivatives which have negative current market value. The total marketable securities issued by the bank comprise debt securities, commercial paper, certificate of deposit and equity issued by the bank. The total marketable securities issued by the bank with the data on maturity structure of these securities will give an indication of the reliance of the bank on wholesale funding markets. This may also be one of the indicators of the interconnectedness.

Substitutability/financial institution infrastructure indicator

21. The impairment or failure of a bank will inflict greater damage to the financial system and real economy if certain critical services provided by the bank cannot be easily substituted by other banks. The greater the role of a bank as a service provider in underlying market infrastructure, e.g., payment systems, the larger the disruption it is likely to cause in terms of availability and range of services and infrastructure liquidity following its failure. Also, the costs to be borne by the customers of a failed bank to seek the same service at another bank would be much higher if the failed bank had a greater market share in providing that particular service.

22. The BCBS methodology for G-SIB identification has three sub-indicators for substitutability indicator: assets under custody; payment activity and total amount of debt and equity instruments underwritten. The indicators used for this category in our methodology would be assets under custody, the digital payments made by a bank in INR and value of underwritten transactions in debt and equity markets over a period of last one year.

Complexity Indicator

23. Complexity of a bank is also an indicator of systemic importance. The more complex a bank is, the greater are the costs and time needed to resolve its problems. Three indicators of complexity have been considered to measure complexity of a bank: (i) notional amount of over-the-counter (OTC) derivatives; (ii) cross jurisdictional liabilities; and (iii) trading and available-for-sale securities.

**Differences between BCBS methodology for identification of G-SIB and RBI methodology for identification of D-SIB**

24. The major difference between BCBS methodology for G-SIB identification and RBI methodology for D-SIB identification is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Point of difference** | **BCBS G-SIB identification methodology** | **RBI D-SIB identification methodology** |
| 1 | Sample of banks | 75 largest global banks based on financial year end Basel III leverage ratio exposure measure. National supervisors have the discretion to add any bank in the sample apart from 75 largest banks. | Banks having size (Basel III leverage ratio exposure measure) as a percentage of GDP equal to or more than 2%. Additionally, five largest foreign banks, based on their size, will also be added in the sample. |
| 2 | Indicators | Five broad indicators:1. Cross jurisdictional activity2. Size3. Interconnectedness4. Substitutability and5. Complexity | Four broad indicators as mentioned in BCBS’s framework for D-SIBs will be used:1. Size2. Interconnectedness3. Substitutability and4. Complexity |
| 3 | Indicator weights | All indicators given equal weight with a cap to substitutability category weight. | Size will be given a weight of 40% and other three indicators will be given a weight of 20% each |
| 4 | Sub-indicators | Three sub-indicators for Complexity indicator:1. Notional amount of OTC derivatives2. Level 3 assets and3. Trading and Available For Sales Securities | Level 3 assets for complexity indicator dropped and instead cross jurisdictional liabilities added. |

**The role of regulatory/supervisory judgements**

25. The multiple indicator-based approach discussed above provides a general structure for assessment of systemic significance of banks. However, it is not a precise quantitative instrument and the final decision for designating a bank as D-SIB will also factor qualitative regulatory and supervisory judgements.

**Annual Assessment**

26. The computation of systemic importance scores, based on the end-March data of all the banks in the sample, will be performed annually in the months of August-October, and names of the banks classified as D-SIBs will be disclosed in the month of November every year. Accordingly, banks will be required to be in readiness to submit the required data to RBI by August 15 of each year.

**Allocation of banks into buckets**

27. Based on the data received from banks in the sample on the above indicators, systemic importance score will be calculated. For each bank, the score for a particular indicator will be calculated by dividing the individual bank amount by the aggregate amount for the indicator summed across all banks in the sample. The score for each category will be multiplied by 1000 in order to express the indicator scores in basis points. Overall systemic importance of a bank will be computed as weighted average scores of all indicators. Thus, the systemic importance score of a bank would represent its relative importance with respect to the other banks in the sample. Banks that have scores above a threshold score will be classified as D-SIBs. However, the process of classification of a bank as D-SIB will also be guided by qualitative analysis and regulatory/supervisory insights about different banks. Banks will be allocated to different buckets based on their systemic importance score.

**Higher Capital Requirements for D-SIBs**

28. The quantum of additional capital requirements for D-SIBs has been based on a mix of quantitative calibration exercise and consideration of country-specific factors. The quantitative calibration exercise was based on two approaches. The first approach for calibration was the Expected Impact (EI) approach. The rationale behind EI approach is that the calibration of systemic risk capital surcharge should ensure that the expected loss to the financial system, consequent upon the failure of a SIB, equals the expected loss from the failure of a non-SIB. The expected loss is defined as the multiplication of the probability of default (PD) by Loss Given Default (LGD). As the failure of a SIB will have larger impact (higher LGD) on the financial system than a non-SIB (lower LGD), the PD of a SIB needs to be sufficiently lower than a non-SIB, so that the expected loss of failure of a SIB and non-SIB is equalised. This approach suggests that in the case of our banking system, the PD of the D-SIB with the highest systemic importance score should be reduced by imposing an additional CET1 of 0.88% of its risk weighted assets, so that the EI of failure of this bank is comparable to a reference non-SIB.

29. The other approach used for the calibration is Return on Risk Weighted Assets (RORWA) approach. This approach defines risk in banking in terms of earnings volatility. Earnings volatility creates the potential for loss. Losses, in turn, need to be funded, and it is the potential for loss that imposes a need for banks to hold capital. The link between earnings volatility and capital is central to this approach. This approach thus measures risk in terms of economic capital – the amount of capital needed to protect against earnings volatility at a prescribed confidence interval. This approach defines earnings as mean adjusted RORWA. The historical distribution of bank earnings is then used to estimate how much additional capital is needed to absorb extreme negative realisations and avoid failure. This approach suggests that in case of our banking system, the D-SIB with the highest systemic importance score should have additional CET1 of 2% of risk weighted assets compared to a reference non-SIB.

30. The calibration of additional CET1 requirements for D-SIBs was also contingent on the country-specific factors which should form the basis for exercise of supervisory judgement. A mechanical reliance on output of models was sought to be avoided due to possibility of significant model risk involved. Supervisory judgement was based on two country specific factors - degree of concentration in the banking sector and size of banking sector relative to GDP. Degree of concentration in the banking sector was measured by computing Herfindahl-Hirschman Index (HHI). HHI of Indian banking sector using square of on-balance sheet market share of all banks in the system is 518.53. A HHI score of 1000 or less shows an un-concentrated banking system. HHI score of India indicates that the banking system in India is not concentrated. Size of banking sector compared to the size of economy was assessed with respect to domestic credit provided by the banking system as a percentage of GDP. Compared to other major countries, this percentage is on the lower side.

31. Based on a mix of quantitative analysis and country-specific factors as above, and as per the supervisory judgement of RBI, a bank with highest systemic importance score should be required to have 0.8% of its risk weighted assets as additional capital charge in the form of CET1 capital. Other buckets have been calibrated accordingly. A table showing the additional CET1 capital requirement for D-SIBs is presented below:

|  |  |
| --- | --- |
| **Bucket** | **Additional CET1 requirement (as a percentage of risk weighted assets)** |
| 5 (Empty) | 1.00% |
| 4 | 0.80% |
| 3 | 0.60% |
| 2 | 0.40% |
| 1 | 0.20% |

32. The additional CET1 requirements will be applicable at the level of both solo as well as consolidated level of the D-SIB, in line with extant capital adequacy provisions.

33. The systemic importance score will be calibrated in such a manner that the bucket 5 does not have any banks initially. An empty bucket with higher CET1 requirement will incentivize D-SIBs with higher scores not to increase their systemic importance in future. In the event of the fifth bucket getting populated, an additional empty (sixth) bucket would be added with same range and same differential additional CET1.

34. Presently, foreign banks operating in India as branches maintain capital in their Indian books as mandated by RBI. Similarly, foreign banks as Wholly Owned Subsidiaries (WOS) of their parent bank will maintain capital in the local subsidiary as mandated by RBI. The maintenance of additional CET1 by a foreign bank in India whether as a branch or a WOS, and as a G-SIB or D-SIB, will be guided by following rules:

1. In case a foreign bank having branch presence in India is a G-SIB, it has to maintain additional CET1 capital surcharge in India as applicable to it as G-SIB, proportionate to its Risk Weighted Assets (RWAs) in India. Additional CET1 requirement for such banks in India may be computed as additional CET1 buffer prescribed by the home regulator multiplied by (India RWA as per consolidated global Group books/Total consolidated global Group RWA). Additional CET1 may be phased in India in accordance with the phase-in prescribed by the home regulator.
2. In case a foreign bank having branch presence in India is not a G-SIB, but a DSIB in India, it has to maintain D-SIB additional capital surcharge in India.
3. In case a foreign bank having branch presence in India is both a G-SIB and a DSIB in India, it has to maintain capital surcharge in India, at a rate which is higher of the two (G-SIB additional CET1 surcharge or D-SIB additional CET1 surcharge).
4. In case of a foreign bank having presence in India as a WOS of its parent bank which is a G-SIB, it will not be required to maintain G-SIB capital surcharge in India as it will have the status of a domestic bank. However, if the WOS is designated as a D-SIB in India, it will be required to maintain D-SIB capital surcharge in India.

**Other regulatory requirements applicable to D-SIBs**

35. One of the recommendations of the FSB in their October 2010 paper[3](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4362#F3) was that further regulatory measures including liquidity surcharges, tighter large exposure restrictions, etc. may also be effective in dealing with SIBs. RBI will consider implementing these measures for D-SIBs as and when international frameworks on these aspects are agreed to by BCBS. The implementation of these additional measures will depend on the internationally agreed timeline.

**Interaction with the other elements of Basel III framework**

**Group treatment**

36. For domestic banks, the computation of systemic importance scores will be done based on the data that relates to global consolidated balance sheet. For the purpose of consolidation, the provisions of regulatory consolidation will be used as required in the [circular DBOD.No.BP.BC.72/21.04.018/2001-02 dated February 25, 2003](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=1071&Mode=0). However, for foreign banks, the computation of systemic importance will be done on the basis of data that relates to local consolidated balance sheet.[4](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4362#F4)

**Interaction with the capital conservation buffer**

37. The higher CET1 requirements will be made applicable as an extension of capital conservation buffer. If a D-SIB is not able to meet the additional CET1 requirement, it will be subjected to restrictions on distribution of profits and other restrictions as applicable under the Basel III framework. For example, after the full implementation of D-SIB framework, a D-SIB falling in bucket 1 will be required to maintain a CET1 capital of 8.2% of RWAs if it does not want to have any restrictions on it with regard to dividend / capital distribution applicable under the capital buffer regime.

**Interaction with Pillar 2 requirements**

38. To the extent a D-SIB has incorporated its systemic importance in its Internal Capital Adequacy Assessment Process (ICAAP); it will not be required to hold capital twice for the same risk during the Supervisory Review and Evaluation Process (SREP). However, additional capital by D-SIBs would not be counted towards non-systemic risks (for example, Interest Rate Risk in Banking Book, Credit Concentration Risk, etc.), which are normally captured under Pillar 2.

**Supervisory Implications**

39. One of the recommendations of the FSB in their October 2011 paper was that all national supervisory authorities should have the power to apply differentiated supervisory requirements and intensity of supervision to SIFIs based on the risks they pose to the financial system. The banks designated as D-SIBs will be subjected to more intensive supervision in the form of higher frequency and higher intensity of on- and offsite monitoring. It is also important that these banks should adopt sound corporate governance of risk and risk management culture.

**Effective date of implementation**

40. The higher capital requirements applicable to D-SIBs will be applicable from April 1, 2016 in a phased manner and would become fully effective from April 1, 2019. The phasing-in of additional common equity requirement will be as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Bucket | April 1, 2016 | April 1, 2017 | April 1, 2018 | April 1, 2019 |
| 5 (Empty) |   |   |   |   |
| 4 | 0.20% | 0.40% | 0.60% | 0.80% |
| 3 | 0.15% | 0.30% | 0.45% | 0.60% |
| 2 | 0.10% | 0.20% | 0.30% | 0.40% |
| 1 | 0.05% | 0.10% | 0.15% | 0.20% |

**Disclosures**

41. The names of the banks classified as D-SIBs will be disclosed in the month of November every year.

**Review of the Assessment Methodology**

42. The assessment methodology for assessing the systemic importance of banks and identifying D-SIBs will be reviewed on a regular basis. However, this review will be at least once in three years. The review will take into consideration the functioning of the framework during the last three years, theoretical developments internationally in the field of systemic risk measurement and the experience of other countries in implementing the D-SIB framework and the methodology adopted by them.

For more details, kindly refer: <https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=4362>

**Payments Infrastructure Development Fund – Extension of Scheme and Enhancements**

RBI/2023-24/101
CO.DPSS.POLC.No.S940/02-29-005/2023-24

December 29, 2023

The Chairman / Managing Director / Chief Executive Officer
Card Issuing and Acquiring Banks and Non-banks / Authorised Card Networks

Madam / Dear Sir,

**Payments Infrastructure Development Fund – Extension of Scheme and Enhancements**

Please refer to the Reserve Bank of India [circular DPSS.CO.AD No.900/02.29.005/2020-21 dated January 05, 2021](https://rbi.org.in/scripts/FS_Notification.aspx?Id=12009&fn=9&Mode=0), on “Operationalisation of Payments Infrastructure Development Fund (PIDF) Scheme” and subsequent amendments made thereto.

2. As announced in the [Statement on Development and Regulatory Policies dated October 06, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56503), the PIDF Scheme is being extended by two years, i.e., upto December 31, 2025. Further, with a view to provide impetus to deployment of acceptance infrastructure, the following enhancements are being made to the Scheme:

1. The beneficiaries identified as part of the PM Vishwakarma Scheme, across the country, shall be included as merchants for deployment under the PIDF Scheme. All eligible installations since the inception of the PM Vishwakarma Scheme, i.e., September 17, 2023, may prefer claims under the PIDF Scheme.
2. The PIDF Scheme presently subsidises deployment of acceptance infrastructure based on category of device – physical or digital. It has been decided to enable other contemporary devices, viz., (i) Soundbox devices – providing instant audio payment confirmation along with payment acceptance by “scan & pay” and Near Field Communication (NFC), and (ii) Aadhaar-enabled biometric devices – certified biometric scanner devices facilitating Aadhaar authentication for acceptance of payment by merchant through BHIM Aadhaar Pay, would be eligible for subsidy under the Scheme, for installations made from October 01, 2023 onwards.
3. The amount of subsidy for devices deployed in special focus areas, viz., North Eastern States, Union Territories of Jammu & Kashmir and Ladakh, is increased from 75% to 90% of the total cost, irrespective of the type of device, for installations made from October 01, 2023 onwards.

3. The above enhancements, along with detailed guidelines, have been incorporated in the framework of PIDF Scheme, enclosed as [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12584&Mode=0#ANN).

4. These instructions are issued under Section 18 read with Section 10 (2) of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12584&Mode=0>

**Fair Lending Practice - Penal Charges in Loan Accounts: Extension of Timeline for Implementation of Instructions**

RBI/2023-24/102
DoR.MCS.REC.61/01.01.001/2023-24

December 29, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, excluding Payments Banks)
All Primary (Urban) Co-operative Banks
All NBFCs (including HFCs) and
All India Financial Institutions (EXIM Bank, NABARD, NHB, SIDBI and NaBFID)

Madam / Dear Sir,

**Fair Lending Practice - Penal Charges in Loan Accounts: Extension of Timeline for Implementation of Instructions**

Reference is invited to [RBI circular DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12527&Mode=0) on ‘Fair Lending Practice - Penal Charges in Loan Accounts’.

2. In terms of paragraph 3 (viii) of the circular, the instructions were to come into effect from January 1, 2024. However, considering that certain clarifications and additional time has been sought by some regulated entities (REs) to reconfigure their internal systems and operationalize the circular, it has been decided to extend the timeline for implementation of the instructions by three months. Accordingly, REs shall ensure that the instructions are implemented in respect of all the fresh loans availed from April 1, 2024 onwards. In the case of existing loans, the switchover to new penal charges regime shall be ensured on the next review/ renewal date falling on or after April 1, 2024, but not later than June 30, 2024.

3. A set of [frequently asked questions (FAQs)](https://www.rbi.org.in/Scripts/FAQView.aspx?Id=162) providing clarifications related to implementation of the circular will be uploaded in the FAQs section of the RBI website shortly.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12585&Mode=0>

**Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023**

RBI/CEPD/2023-24/108
CEPD.PRD.No.S1228/13.01.019/2023-24

December 29, 2023

(1) Chairman/Managing Director/CEO of All Scheduled Commercial Banks (excluding RRBs)
(2) Chairman/Managing Director/CEO of All NBFCs
(3) Chairman/Managing Director/CEO of Non-Bank System Participants
(4) Chairman/Managing Director/CEO of All Credit Information Companies

Dear Sir / Madam,

**Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023**

The Reserve Bank institutionalized the Internal Ombudsman mechanism in various regulated entities vide instructions / guidelines contained in the [Internal Ombudsman Scheme 2018- Implementation by banks dated September 3, 2018](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=44900), Internal Ombudsman Scheme for Non-Bank System Participants, 2019 dated October 22, 2019, [Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12195&Mode=0) and [Reserve Bank of India (Credit Information Companies - Internal Ombudsman) Direction, 2022 dated October 6, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12395&Mode=0). The Internal Ombudsman mechanism has been set up with a view to strengthen the Internal Grievance Redress system of the regulated entities.

2. A review of Internal Ombudsman schemes has been undertaken by the Reserve Bank in line with the integration of the erstwhile three RBI Ombudsman Schemes as also with the objective to improve the customer service standards in regulated entities. The framework reaffirms that the Internal Ombudsman mechanism should work as envisaged and the Internal Ombudsman shall be positioned as an independent, apex level authority on consumer grievance redress within the regulated entities.

3. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, Section 45L read with 45M of the Reserve Bank of India Act, 1934, sub-section (1) of Section 11 of Credit Information Companies (Regulation) Act, 2005 and Section 18 of the Payment and Settlement Systems Act, 2007, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest to do so, hereby directs that all the regulated entities as indicated in Clause 4 of the Master Direction shall comply with the Direction with immediate effect.

4. The regulated entities are further advised as follows:

1. The Internal Ombudsman appointed by the regulated entity, under the erstwhile Internal Ombudsman Schemes / Direction shall continue to hold office till the expiry of their tenure.
2. The regulated entities not currently falling under the Internal Ombudsman Schemes / Direction may closely monitor their eligibility as per the prescribed provisions for timely appointment of Internal Ombudsman in their entity, as required.
3. The regulated entities are advised to forward the contact details of the Internal Ombudsman / Deputy Internal Ombudsman to Consumer Education and Protection Department, Central Office, Reserve Bank of India, 1st Floor, Amar Building, Sir P M Road, Fort, Mumbai 400 001 (e-mail: iocepd@rbi.org.in) and ensure to update the same as and when there is any change.

Yours faithfully,

(Neena Rohit Jain)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12586&Mode=0>

**Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR) – Review of National Development Banks**

RBI/2023-24/103
DOR.LRG.REC.62/03.10.001/2023-24

December 29, 2023

Madam / Dear Sir,

**Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR) – Review of National Development Banks**

Please refer to circular [DBR.BP.BC.No.106/21.04.098/2017-18 dated May 17, 2018](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11278&Mode=0) on Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR) – Final Guidelines.

2. NABARD, NHB and SIDBI are considered as National Development Banks (NDBs) under the extant NSFR framework. On a review, it has been decided that the other All India Financial Institutions (AIFIs) i.e. EXIM Bank and National Bank for Financing Infrastructure and Development (NaBFID) shall also be considered as NDBs for NSFR computation.

3. Further, unencumbered loans to NDBs with a residual maturity of one year or more that would qualify for a 35 per cent or lower risk weight under the Standardised Approach for credit risk[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12587&Mode=0#F1) shall be assigned a Required Stable Funding (RSF) factor of 65 per cent (as against 100 per cent currently).

4. Accordingly, the select instructions have been amended as detailed in [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12587&Mode=0#ANN1).

**Applicability**

5. This circular is applicable to all Scheduled Commercial Banks (excluding Payments Banks and Regional Rural Banks).

6. These instructions shall come into force with immediate effect.

Yours faithfully

(R. Lakshmi Kanth Rao)
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12587&Mode=0>