**CERTIFICATE EXAMINATION FOR SMALL FINANCE BANKS**

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**Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023**

**RBI/DOR/2022-23/95
DOR.HOL.No.95/16.13.100/2022-23**

**January 16, 2023**

**Master Direction – Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023**

In exercise of the powers conferred by Sections 12, 12B, and 35A of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

These directions may be read along with the ‘Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies’ issued by the Reserve Bank of India ([the Guidelines](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0)).

**Objective:** These directions are issued with the intent of ensuring that the ultimate ownership and control of banking companies are well diversified and the major shareholders of banking companies are ‘fit and proper’ on a continuing basis.

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12439&Mode=0>

**Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies**

**January 16, 2023**

The contents of these Guidelines shall be read along with [Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12439), and applicable provisions of the Banking Regulation Act, 1949.

**Prior approval for acquisition of shares or voting rights in a banking company**

2. In terms of sub-section (1) of Section 12B of Banking Regulation Act, 1949, every person, who intends to acquire shares or voting rights and intends to be a major shareholder[1](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F1) of a banking company, is required to obtain previous approval of the Reserve Bank.

3. The person, who intends to be a major shareholder of a banking company, is required to make an application to the Reserve Bank along with the declaration in [Form A](https://rbidocs.rbi.org.in/rdocs/content/pdfs/FORMA16012023_A.pdf). The Reserve Bank would undertake a due diligence to assess the ‘fit and proper’ status of the applicant. It will be open to the Reserve Bank to seek additional information / documents from the applicant / concerned banking company and make such enquiries with regulators, revenue authorities, investigation agencies, credit rating agencies or any other persons as considered appropriate.

4. While granting approvals, the Reserve Bank may specify conditions under sub-section (4) of Section 12B of B R Act,1949, including a validity period for completing such acquisition. Subsequent to such acquisition, if at any point in time the aggregate holding[2](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F2) of the person falls below five per cent, as per sub-section (1) of Section 12B of B R Act, 1949, the person will be required to again obtain prior approval from the Reserve Bank to raise the aggregate holding to five per cent or more of total paid-up share capital or voting rights of the banking company.

5. Any person who intends to acquire shares or voting rights in a banking company beyond the limit for which approval was obtained from the Reserve Bank, is required to apply to the Reserve Bank for prior approval to increase their aggregate holding in the banking company.

6. The persons from[3](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F3) Financial Action Task Force (FATF) non-compliant jurisdictions[4](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F4) shall not be permitted to acquire major shareholding in the banking company. However, the existing major shareholders from such FATF non-compliant jurisdictions would be allowed to continue with their investment, provided that there shall not be any further acquisition without prior approval of the Reserve Bank. The Reserve Bank may, however, review the ‘fit and proper’ status of such holders of shares or voting rights at any point of time and may take steps to limit their voting rights in accordance with law.

**Information to be provided for continuous monitoring**

7. In addition to furnishing the information sought by the banking company, major shareholders who have completed the approved[5](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0#F5) acquisition or applicants who have obtained the approval to have major shareholding or applicants who have submitted the application for obtaining the prior approval shall inform the banking company of any change in the information provided in [Form A](https://rbidocs.rbi.org.in/rdocs/content/pdfs/FORMA16012023_A.pdf) or any other development which may have a bearing on the ‘fit and proper’ status.

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12440&Mode=0>

**Safe Deposit Locker/Safe Custody Article Facility provided by banks**

RBI/2022-23/168
CO.CEPD.PRS.No.S1233/13-01-018/2022-2023

January 23, 2023

All Commercial Banks (including RRBs,
Small Finance Banks, Payment Banks
and Local Area Banks)
All Co-operative Banks

**Safe Deposit Locker/Safe Custody Article Facility provided by banks**

Please refer to the [RBI circular DOR.LEG.REC/40/09.07.005/2021-22 dated August 18, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0) on the captioned subject.

2. In terms of paragraph 2.1.1 of the said circular, banks were required to renew their locker agreements with existing locker customers by January 1, 2023. However, it has come to the notice of the Reserve Bank that large number of customers are yet to execute the revised agreement and are facing difficulties in doing the same. In many cases, the banks are yet to inform the customers about the need for renewal of agreements before January 1, 2023. Further, there is a need for revision in the Model Agreement drafted by the Indian Banks’ Association (IBA) to fully comply with the revised instructions.

3. Considering the above aspects, the deadline for banks is being extended in a phased manner to December 31, 2023. Banks are advised to notify all their customers of the revised requirements by April 30, 2023 and ensure that at least 50 per cent and 75 per cent of their existing customers have executed the revised agreements by June 30 and September 30, 2023 respectively. Banks shall report the status of compliance with these instructions on the [DAKSH](https://prism.rbi.org.in/DAKSH/portal/#/login) supervisory portal of the Reserve Bank on a monthly basis.

4. IBA is being advised separately to review and revise the Model Agreement to ensure that it complies with the requirements of [circular dated August 18, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0) and circulate a revised version to all banks by February 28, 2023. There may be instances, where the revised agreements already executed in pursuance of [circular dated August 18, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0) are at variance with this revised IBA Model Agreement. In such cases, all the provisions of the said circular of the RBI, in particular Part VII thereof on compensation policy/liability of banks, shall continue to apply to banks even if not explicitly stated in the agreements already executed. Further, in such cases, banks shall have the option to execute fresh agreements or revise them through supplementary agreements. The cost of stamp paper in such cases may be borne by the banks.

5. Banks are advised to facilitate execution of the fresh/supplementary stamped agreements with their customers by taking measures such as arranging stamp papers, franking, electronic execution of agreement, e-stamping, etc. and provide a copy of the executed agreement to the customer. Where operations in lockers have been frozen for non-execution of agreement by January 1, 2023, the same should be unfrozen with immediate effect.

Yours faithfully,

(Anupam Sonal)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12443&Mode=0>

**Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems**

RBI/2022-23/178
CO.DPSS.RPPD.No.S1931/04-03-001/2022-23

February 16, 2023

The Chairman / Managing Director / Chief Executive Officer
of member banks participating in NEFT and RTGS Systems

Madam / Dear Sir,

**Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems**

Under the FCRA, 2010 (amended as on September 28, 2020), foreign contributions must be received only in the “FCRA account” of State Bank of India (SBI), New Delhi Main Branch (NDMB). The contributions to the FCRA account are received directly from foreign banks through SWIFT and from Indian intermediary banks through NEFT and RTGS systems.

2. In terms of extant requirements of Ministry of Home Affairs (MHA), Government of India, the donor details such as name, address, country of origin, amount, currency, and purpose of remittance are required to be captured in such transactions and SBI is required to report the same to MHA on daily basis.

3. Keeping in view the above, necessary changes have been introduced in NEFT and RTGS systems, technical details of which are provided in [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12454&Mode=0#AN1). Member banks are advised to incorporate necessary changes in their core banking / middleware solutions to capture the requisite details while forwarding the foreign donations through NEFT and RTGS systems to SBI. The instructions will be effective from March 15, 2023.

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

Yours faithfully,

(P Vasudevan)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12454&Mode=0>

**Master Circular on Credit Facilities to Minority Communities**

RBI/2023-24/02
FIDD.GSSD.BC.No.02/09.10.001/2023-24

April 01, 2023

The Chairman/Managing Director/Chief Executive Officer
All Scheduled Commercial Banks
(excluding RRBs and Foreign Banks with less than 20 branches)

Madam/ Dear Sir,

**Master Circular on Credit Facilities to Minority Communities**

The Reserve Bank of India has periodically issued guidelines/instructions/directives to banks with regard to providing credit facilities to Minority Communities. The [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12467&Mode=0#MC) enclosed consolidates the circulars issued by Reserve Bank on the subject till date, as listed in the [Appendix](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12467&Mode=0#APP).

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

Encl: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12467&Mode=0>

**Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)**

RBI/2023-24/01
FIDD.CO.GSSD.BC.No.03/09.09.001/2023-24

April 01, 2023

The Chairman / Managing Director / Chief Executive Officer
All Scheduled Commercial Banks (including Small Finance Banks)

Madam / Dear Sir,

**Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)**

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs). The enclosed [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12468&Mode=0#MC) consolidates the circulars issued by Reserve Bank on the subject till date, as listed in the [Appendix](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12468&Mode=0#APP).

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12468&Mode=0>

**Master Circular on SHG-Bank Linkage Programme**

RBI/2023-24/03
FIDD.CO.FID.BC.No.1/12.01.033/2023-24

April 01, 2023

The Chairman/ Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks

Madam/ Dear Sir

**Master Circular on SHG-Bank Linkage Programme**

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on SHG-Bank Linkage Programme. In order to enable banks to have instructions at one place, the [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12470&Mode=0#MC) incorporating the existing guidelines/ instructions on the subject has been updated and enclosed. This Master Circular consolidates the circulars issued by Reserve Bank on the subject up to March 31, 2023, as indicated in the [Appendix](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12470&Mode=0#APP).

Yours faithfully

(Sonali Sen Gupta)
Chief General Manager-in-Charge
Encl: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12470&Mode=0>

**Master Circular - Guarantees and Co-acceptances**

RBI/2023-24/04
DOR.STR.REC.5/13.07.010/2023-24

April 1, 2023

All Scheduled Commercial Banks
(excluding Payments Banks and RRBs)

Dear Sir / Madam

**Master Circular - Guarantees and Co-acceptances**

Please refer to the [Master Circular DOR.STR.REC.8/13.07.010/2022-23 dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12276) consolidating the instructions / guidelines issued to banks till March 31, 2022, relating to Guarantees and Co-acceptances. This [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12471&Mode=0#MC) consolidates the instructions on the above matter issued up to March 31, 2023.

Yours faithfully

Manoranjan Mishra
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12471&Mode=0>

**Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances**

RBI/2023-24/06
DOR.STR.REC.3/21.04.048/2023-24

April 1, 2023

All Commercial Banks (excluding RRBs)

Madam/Dear Sir

**Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances**

Please refer to the [Master Circular DOR.STR.REC.4/21.04.048/2022-23 dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12281) consolidating instructions / guidelines issued to banks till March 31, 2022 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

2. This [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12472&Mode=0#MC) consolidates instructions on the above matters issued up to March 31, 2023. A list of circulars consolidated in this Master Circular is contained in [Annex 5](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12472&Mode=0#AN5).

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Encl.: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12472&Mode=0>

**Master Circular – Housing Finance**

RBI/2023-24/08
DOR.CRE.REC.No.06/08.12.001/2023-24

April 03, 2023

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir/Madam,

**Master Circular – Housing Finance**

Please refer to the [Master Circular DOR.CRE.REC.No.06/08.12.001/2022-23 dated April 01, 2022](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12282) consolidating the instructions / guidelines issued to banks till March 31, 2022. relating to Housing Finance. This [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12475&Mode=0#MC) consolidates instructions on the above matter issued up to March 31, 2023.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12475&Mode=0>

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

RBI/2023-24/09
DOR.CRE.REC.No.07/21.04.172/2023-24

April 03, 2023

All Scheduled Commercial Banks (excluding RRBs)

Madam/ Dear Sir,

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

Please refer to our [Master Circular DOR.CRE.REC.No.07/21.04.172/2022-23 dated April 01, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12280) on the captioned subject. This [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12476&Mode=0#MC) consolidates instructions on the above matter issued up to March 31, 2023.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12476&Mode=0>

**Master Direction – Facility for Exchange of Notes and Coins (Updated as on May 15, 2023)**

RBI/2023-24/97
DCM (NE) No.G-2/08.07.18/2023-24

April 03, 2023
(Updated as on May 15, 2023)

The Chairman/The Managing Director/
The Chief Executive Officer
All Banks

Madam/Dear Sir,

**Master Direction – Facility for Exchange of Notes and Coins**

In exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, read with sections 28, 38, 39, 58(1) and 58(2)(q) of the Reserve Bank of India Act, 1934, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the [Directions](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12479&Mode=0#MD1) hereinafter specified.

Yours faithfully

(Sanjeev Prakash)
Chief General Manager

Encl: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12479&Mode=0>

**Master Direction on Counterfeit Notes, 2023 - Detection, Reporting and Monitoring**

RBI/2023-24/98
DCM (FNVD)/G-1/16.01.05/2023-24

April 03, 2023

The Chairman/ Managing Director /Chief Executive Officer
All Banks

Dear Sir / Madam,

**Master Direction on Counterfeit Notes, 2023 - Detection, Reporting and Monitoring**

The Reserve Bank of India has, from time to time, issued several guidelines/ instructions/ directives to the banks on counterfeit notes.

2. A Master Direction incorporating and updating the extant guidelines /instructions/ directives on the subject has been prepared to enable banks to have all current instructions on counterfeit note at one place for reference.

3. Reserve Bank of India has issued this [Direction](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12480&Mode=0#AN) in exercise of its powers conferred under Section 35A and Section 56 of the Banking Regulation Act, 1949.

Yours faithfully,

(Sanjeev Prakash)
Chief General Manager

Encl: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12480&Mode=0>

**Master Direction on Outsourcing of Information Technology Services**

RBI/2023-24/102
DoS.CO.CSITEG/SEC.1/31.01.015/2023-24

April 10, 2023

The Chairman/Managing Director/Chief Executive Officer
Scheduled Commercial Banks (excluding Regional Rural Banks);
Local Area Banks; Small Finance Banks; Payments Banks;
Primary (Urban) Co-operative 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 Outsourcing of Information Technology Services**

Regulated Entities (REs) have been extensively leveraging Information Technology (IT) and IT enabled Services (ITeS) to support their business models, products and services offered to their customers. REs also outsource substantial portion of their IT activities to third parties, which expose them to various risks.

2. In order to ensure effective management of attendant risks, the [Statement on Developmental and Regulatory Policies dated February 10, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53248), proposed the issuance of suitable regulatory guidelines on Outsourcing of IT Services. Accordingly, a draft Master Direction on Outsourcing of IT Services was released for public comments in [June 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53911). Based on feedback received, the finalised Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 are [enclosed](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12486&Mode=0#MD) herewith.

3. The underlying principle of these Directions is to ensure that outsourcing arrangements neither diminish REs ability to fulfil its obligations to customers nor impede effective supervision by the RBI.

4. With a view to provide REs adequate time to comply with the requirements, the enclosed Directions shall come into effect from October 1, 2023.

Yours faithfully,

(T.K.Rajan)
Chief General Manager

Encl: Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12486&Mode=0>

**Framework for acceptance of Green Deposits**

RBI/2023-24/14
DOR.SFG.REC.10/30.01.021/2023-24

April 11, 2023

All Scheduled Commercial Banks including Small Finance Banks
(excluding Regional Rural Banks, Local Area Banks and Payments Banks)
All Deposit taking Non-Banking Finance Companies (NBFCs) including Housing Finance Companies (HFCs)

Madam/Dear Sir,

**Framework for acceptance of Green Deposits**

Climate change has been recognised as one of the most critical challenges faced by the global society and economy in the 21st century. The financial sector can play a pivotal role in mobilizing resources and their allocation thereof in green activities/projects. Green finance is also progressively gaining traction in India.

2. Deposits constitute a major source for mobilizing of funds by the Regulated Entities (REs). It is seen that some REs are already offering green deposits for financing green activities and projects. Taking this forward and with a view to fostering and developing green finance ecosystem in the country, it has been decided to put in place the enclosed [Framework for acceptance of Green Deposits](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12487&Mode=0#GD) for the REs.

3.The framework shall come into effect from June 1, 2023.

Yours faithfully,

(Sunil T. S. Nair)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12487&Mode=0>

**General Credit Card (GCC) Facility – Review**

RBI/2023-24/19
FIDD.MSME & NFS.BC.No.06/06.02.31/2023-24

April 25, 2023

The Chairman/Managing Director/ Chief Executive Officer
Scheduled Commercial Banks (excluding Payments Banks) and
Scheduled Urban Co-operative Banks

Dear Sir / Madam

**General Credit Card (GCC) Facility – Review**

Please refer to our [Circular RPCD.MSME & NFS.BC.No.61/06.02.31/2013-14 dated December 02, 2013](https://rbi.org.in/scripts/NotificationUser.aspx?Id=8603&Mode=0) on the Revised General Credit Card (GCC) Scheme.

2. On review of the above, and in the light of the provisions contained in the [Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, dated April 21, 2022](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12300), revised instructions on GCC are as follows:

1. The GCC Scheme shall henceforth be called “General Credit Card (GCC) Facility”.
2. The instructions shall apply to all banks which are eligible to issue credit cards under the above Master Direction.
3. Individuals/entities sanctioned working capital facilities for non-farm entrepreneurial activities which are eligible for classification under the priority sector guidelines, may be issued General Credit Cards.
4. GCC shall be issued in the form of a credit card conforming to the stipulations in the above Master Direction as updated from time to time.
5. The terms and conditions of the credit facilities extended in the form of GCC shall be as per the Board approved policies of the banks, within the overall framework laid down by Reserve Bank. Guidelines on collateral free lending for micro and small units issued from time to time shall apply.
6. Bank shall adhere to the instructions on reporting GCC data as issued by RBI from time to time.

3. These instructions supersede the GCC guidelines issued in December 2013 and come into effect as on the date of this circular. Debit cards, if any, already issued under the circular of 2013 shall remain valid till their expiry/repayment of the existing credit facilities, whichever is earlier.

Yours faithfully

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12492&Mode=0>

**Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)**

RBI/2023-24/20
FIDD.GSSD.CO.BC.No.07/09.01.003/2023-24

April 26, 2023

The Chairman/Managing Director & CEO
Public Sector Banks,
Private Sector Banks (including Small Finance Banks)

Madam/Dear Sir,

**Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)**

Please refer to the [Master Circular FIDD.GSSD.CO.BC.No.09/09.01.003/2022-23 dated July 20, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12360) on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM).

2. The enclosed [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12493&Mode=0#MC) consolidates and updates all the instructions/guidelines on the subject issued till date and replaces the earlier Master Circular issued on the subject.

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12493&Mode=0>

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

RBI/2023-24/24
DOR.AML.REC.111/14.01.001/2023-24

April 28, 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) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, (b) incorporate instructions in terms of the Government Order dated January 30, 2023, titled “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)”; (c) update certain instructions in accordance with FATF Recommendations; and (d) refine certain extant 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/NT2428042023_AN.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

Encl: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12497&Mode=0>

**Amendment to the Master Direction (MD) on KYC – Instructions on Wire Transfer**

RBI/2023-24/25
DOR.AML.REC.13/14.01.001/2023-24

May 4, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir/Madam,

**Amendment to the Master Direction (MD) on KYC – Instructions on Wire Transfer**

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), inter alia, have to undertake certain measures while dealing with the Wire Transfer.

2. In this regard, on a review, it has been decided to amend the MD on KYC to update the instructions on Wire Transfer (Section 64 of the MD), also aligning the same with the relevant FATF Recommendation. The amended instructions of Section 64 of the MD on KYC are provided in the [annexure](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT2504052023_AN.pdf) for reference. Further, definitions of the relevant terms used in the amended Wire Transfer instructions are being added in Section 2 (“Definitions”) of the MD on KYC.

3. The amended provisions shall come into force with immediate effect.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

Enclosure: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12498&Mode=0>

**Formalisation of Informal Micro Enterprises on Udyam Assist Platform**

RBI/2023-24/27
FIDD.MSME & NFS.BC.No.09/06.02.31/2023-24

May 09, 2023

The Chairman/ Managing Director/Chief Executive Officer
All Commercial Banks
(including Small Finance Banks, Local Area Banks and Regional Rural Banks)
All Primary (Urban) Co-operative Banks/State Co-operative Banks
/ District Central Co-operative Banks
All-India Financial Institutions
All Non-Banking Financial Companies

Dear Sir / Madam

**Formalisation of Informal Micro Enterprises on Udyam Assist Platform**

Please refer to the [Circular FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21 dated August 21, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11951&Mode=0) on ‘New Definition of Micro, Small and Medium Enterprises – clarifications’ wherein all lenders were advised to obtain ‘Udyam Registration Certificate’ for classification of entities as MSME.

2. The Ministry of Micro, Small and Medium Enterprises (‘MSME’), Government of India has launched the Udyam Assist Platform (UAP) to facilitate formalisation of Informal Micro Enterprises (IMEs) through online generation of Udyam Assist Certificate. Registration on the platform is done with the assistance of Designated Agencies which are RBI regulated entities (including scheduled commercial banks, non-banking financial companies, etc.).

3. The Government of India, vide [Gazette Notification S.O. 1296(E) dated March 20, 2023](https://rbidocs.rbi.org.in/rdocs/content/pdfs/IndianGazzate20032023.pdf), has specified that the certificate issued on the UAP to IMEs shall be treated at par with Udyam Registration Certificate for the purpose of availing Priority Sector Lending (PSL) benefits.

4. Government of India has clarified to RBI that IMEs are those enterprises which are unable to get registered on the Udyam Registration Portal (URP) due to lack of mandatory required documents such as Permanent Account Number (PAN) or Goods and Services Tax Identification Number (GSTIN). Hence such enterprises are unable to avail the benefits of Government schemes or programmes. Further, it has been clarified that the turnover of enterprises exempted from filing returns under the provisions of the Central Goods and Services Tax Act, 2017 shall be the sole criterion to be defined as IMEs for the purpose of UAP. Accordingly, IMEs are those enterprises that are not covered in the Goods and Services Tax regime.

5. An interface has been created between the UAP and Udyam Registration Portal (URP) to enable the transition and migration of the IMEs from UAP to URP, once IMEs obtain the mandatorily required documents.

6. In view of the aforementioned notification and clarification, IMEs with an Udyam Assist Certificate shall be treated as Micro Enterprises under MSME for the purposes of PSL classification.

Yours faithfully

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12500&Mode=0>

**Expanding the Scope of Trade Receivables Discounting System**

RBI/2023-24/37
CO.DPSS.POLC.No.S-258/02-01-010/2023-24

June 7, 2023

The Trade Receivables Discounting System Platform Operators and Participants /
National Payments Corporation of India (NPCI)

Madam / Dear Sir,

**Expanding the Scope of Trade Receivables Discounting System**

To ease constraints faced by Micro, Small and Medium Enterprises (MSMEs) in converting their trade receivables to liquid funds, the Reserve Bank of India (RBI) had issued the ‘[Guidelines for the Trade Receivables Discounting System (TReDS)](https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=3504)’ (updated as on July 2, 2018). The guidelines allow financing / discounting of MSME receivables on “without recourse” basis by permitted financiers. Currently, three entities operate TReDS platforms in the country; one more entity has also been given in-principle authorisation to operate such platform.

2. Based on the experience gained, and as announced in the [Statement on Developmental and Regulatory Policies dated February 8, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55179), it has been decided to make the following enhancements to the TReDS guidelines :

a) Facilitate insurance for transactions : Financiers place their bids on the TReDS platforms keeping in view the credit rating of buyers. They are generally not inclined to bid for payables of low rated buyers. To overcome this, insurance facility is being permitted for TReDS transactions, which would aid financiers to hedge default risks, subject to the following:

1. Apart from MSME sellers, buyers and financiers, insurance companies are permitted to participate as “fourth participant” in TReDS.
2. In their business / operational rules, the TReDS platform operators may specify the stage at which insurance facility can be availed.
3. Premium for insurance shall not be levied on the MSME seller.
4. Collection of premium and related activities could be enabled through National Automated Clearing House (NACH) system used for settlement of TReDS transactions.
5. Based on consent received from financiers and insurance companies, TReDS platforms could facilitate automated processing of insurance claims and specify timelines for their settlement through the NACH system.
6. As of now, the credit insurance shall not be treated as a Credit Risk Mitigant (CRM) to avail any prudential benefits.

b) Expand the pool of financiers : TReDS transactions fall under the ambit of “factoring business”, and banks, NBFC-Factors and other financial institutions (as permitted by RBI) can presently participate as financiers in TReDS. The Factoring Regulation Act, 2011 (FRA) allows certain other entities / institutions to undertake factoring transactions. Accordingly, all entities / institutions allowed to undertake factoring business under FRA and the rules / regulations made thereunder, are now permitted to participate as financiers in TReDS. This would augment availability of financiers on TReDS platforms.

Yours faithfully,

(P. Vasudevan)
Chief General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12510&Mode=0>

**Framework for Compromise Settlements and Technical Write-offs**

RBI/2023-24/40
DOR.STR.REC.20/21.04.048/2023-24

June 08, 2023

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

Madam/Dear Sir,

**Framework for Compromise Settlements and Technical Write-offs**

The Reserve Bank of India has issued various instructions to regulated entities (REs) regarding compromise settlements in respect of stressed accounts from time to time, including the [Prudential Framework for Resolution of Stressed Assets dated June 7, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11580&Mode=0) (“Prudential Framework”), which recognises compromise settlements as a valid resolution plan. With a view to provide further impetus to resolution of stressed assets in the system as well as to rationalise and harmonise the instructions across all REs, as announced in the [Statement on Developmental and Regulatory Policies released on June 8, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55815), it has been decided to issue a comprehensive regulatory framework governing compromise settlements and technical write-offs covering all the REs, as detailed in the [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12513&Mode=0#AN).

2. The provisions of this framework shall be applicable to all REs to which this circular is addressed and shall be without prejudice to the provisions of the Prudential Framework, or any other guidelines applicable to the REs on resolution of stressed assets.

3. These instructions on operationalising the framework 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. They shall come into force with immediate effect and REs shall take necessary steps to ensure compliance with these instructions.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12513&Mode=0>

**Guidelines on Default Loss Guarantee (DLG) in Digital Lending**

RBI/2023-24/41
DOR.CRE.REC.21/21.07.001/2023-24

June 08, 2023

All Commercial Banks (including Small Finance Banks),
Primary (Urban) Co-operative Banks, State Co-operative Banks,
Central Co-operative Banks; and
Non-Banking Financial Companies (including Housing Finance Companies)

Madam/ Dear Sir,

**Guidelines on Default Loss Guarantee (DLG) in Digital Lending**

A reference is invited to Para (3.4.3.1) of Section C of Annex-II to the [RBI Press Release “Recommendations of the Working group on Digital Lending – Implementation” dated August 10, 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54187) in terms of which it was stated that the recommendation pertaining to First Loss Default Guarantee (FLDG) was under examination with the Reserve Bank.

2. Arrangements between Regulated Entities (REs) and Lending Service Providers (LSPs) or between two REs involving default loss guarantee (DLG), commonly known as FLDG, has since been examined by the Bank and it has been decided to permit such arrangements subject to the guidelines laid down in the [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0#AN) to this circular. DLG arrangements conforming to these guidelines shall not be treated as ‘synthetic securitisation’[1](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0#FN1) and/or shall also not attract the provisions of ‘loan participation’[2](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0#FN2).

3. The guidelines shall come into effect from the date of this Circular.

4. These directions 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, section 30A of the National Housing Bank Act, 1987 and section 6 of the Factoring Regulation Act.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0>