**Bank Financial Management**

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**Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF) - return to the normal dispensation**

RBI/2021-22/138  
DOR.RET.REC.73/12.01.001/2021-22

December 10, 2021

All Scheduled Banks

Madam/Sir,

**Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF) - return to the normal dispensation**

Please refer to [circular DOR.RET.REC.36/12.01.001/2021-22 dated August 09, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12142&Mode=0) and paragraph 15(i) of the [Master Direction DOR.No.RET.REC.32/12.01.001/2021-22 dated July 20, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12131), on Marginal Standing Facility (MSF), wherein the banks were allowed to avail of funds under the MSF by dipping into the Statutory Liquidity Ratio (SLR) up to three per cent of their net demand and time liabilities (NDTL) outstanding at the end of the second preceding fortnight. This facility, which was initially available up to June 30, 2020, was later extended up to December 31, 2021 vide [circular DOR.RET.REC.36/12.01.001/2021-22 dated August 09, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12142&Mode=0).

2. As announced in the [Governor’s Statement dated December 08, 2021](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52686), it is proposed to return to the normal dispensation. Accordingly, banks will be able to dip into the Statutory Liquidity Ratio (SLR) up to two percent of NDTL instead of three percent for overnight borrowing under the MSF with effect from January 1, 2022.

Yours faithfully,

(Thomas Mathew)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12207&Mode=0>

**General permission for infusion of capital in overseas branches and subsidiaries and retention/ repatriation/ transfer of profits in these centres by banks incorporated in India**

RBI/2021-22/136  
DOR.CAP.REC.No.72/21.06.201/2021-22

December 08, 2021

Dear Sir/ Madam,

**General permission for infusion of capital in overseas branches and subsidiaries and retention/ repatriation/ transfer of profits in these centres by banks incorporated in India**

Please refer to para 1 of the ‘[Statement on Developmental and Regulatory Policies’ dated December 8, 2021](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52688) on the above subject.

2. As per extant practice, banks incorporated in India seek prior RBI approval for

1. infusion of capital in their overseas branches and subsidiaries.
2. retention of profits in, and transfer or repatriation of profits from these overseas centres.

3. In order to provide greater operational flexibility, it has been decided that prior RBI approval for above capital infusion/ transfers (including retention/ repatriation of profits), shall not be required by banks which meet the regulatory capital requirements (including capital buffers[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12205&Mode=0#FA1)). Instead, the banks shall seek approval of their boards for the same.

4. While considering such proposals, banks shall analyse all relevant aspects including inter alia the business plans, home and host country regulatory requirements and performance parameters of their overseas centres. Banks shall also ensure compliance with all applicable home and host country laws and regulations.

5. Banks which do not meet the minimum regulatory capital requirements as laid down in para 3 above, shall be required to seek prior approval of RBI as hitherto.

**Reporting**

6. Banks shall report all such instances of infusion of capital and/ or retention[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12205&Mode=0#FA2)/transfer/ repatriation of profits in overseas branches and subsidiaries within 30 days of such action, to the Chief General Manager-in-Charge, Department of Regulation, Central Office, Mumbai with a copy to Chief General Manager-in-Charge, Department of Supervision, Central Office, Mumbai.

**Applicability**

7. This circular is applicable to all Scheduled Commercial Banks other than foreign banks, Small Finance Banks, Payment Banks and Regional Rural Banks.

These instructions come into effect from the date of the circular.

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12205&Mode=0>

**External Commercial Borrowings (ECB) and Trade Credits (TC) Policy – Changes due to LIBOR transition**

RBI/2021-22/135  
A.P. (DIR Series) Circular No. 19

December 08, 2021

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) and Trade Credits (TC) Policy – Changes due to LIBOR transition**

Please refer to paragraph 3 of the [Governor’s Statement on Developmental and Regulatory Policies dated December 08, 2021](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52688). In this connection, attention of Authorised Dealer Category-I (AD Category-I) banks is invited to paragraph 1.5, 2.1.vi. and 14.vi. of the of [Master Direction No.5 dated March 26, 2019](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510), on “External Commercial Borrowings, Trade Credits and Structured Obligations”, prescribing the benchmark rates and the maximum spread over benchmark for calculating the all-in-cost for foreign currency (FCY) ECBs and TCs.

2. In view of the imminent discontinuance of LIBOR as a benchmark rate, it has been decided, in consultation with stakeholders, to make the following changes to the all-in-cost benchmark and ceiling for FCY ECBs/ TCs:

**i. Redefining Benchmark Rate for FCY ECBs and TCs:** Currently, the benchmark rate is defined in paragraph 1.5 of the master direction as “benchmark rate in case of FCY ECB/TC refers to 6-months LIBOR rate of different currencies or any other 6-month interbank interest rate applicable to the currency of borrowing, e.g., EURIBOR”. Henceforth, benchmark rate in case of FCY ECB/TC shall refer to any widely accepted interbank rate or alternative reference rate (ARR) of 6-month tenor, applicable to the currency of borrowing.

**ii. Change in all-in-cost ceiling for new ECBs/ TCs:** To take into account differences in credit risk and term premia between LIBOR and the ARRs, the all-in-cost ceiling for new FCY ECBs and TCs has been increased by 50 bps to 500 bps and 300 bps, respectively, over the benchmark rates.

**iii. One Time Adjustment in all-in-cost ceiling for existing ECBs/ TCs:** To enable smooth transition of existing ECBs/ TCs linked to LIBOR whose benchmarks are changed to ARRs, the all-in cost ceiling for such ECBs/ TCs has been revised upwards by 100 basis points to 550 bps and 350 bps, respectively, over the ARR. AD Category-I banks must ensure that any such revision in ceiling is only on account of transition from LIBOR to alternative benchmarks.

3. There is no change in the all-in-cost benchmark and ceiling for INR ECBs/ TCs.

4. All other provisions of the ECB/ TC policy remain unchanged. AD Category-I banks should bring the contents of this circular to the notice of their constituents/ customers.

5. The [Master Direction No. 5 dated March 26, 2019](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510), is being updated to reflect the changes.

6. The directions contained in this circular have been issued under section 10(4) and 11(2) 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

Ajay Kumar Misra  
Chief General Manager-in-Charge

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12204&Mode=0>

**Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] - Master Direction on Interest Rate on Deposits**

RBI/2021-2022/123  
DOR.SOG (SPE).REC.No 67/13.03.00/2021-22

November 11, 2021

All Scheduled Commercial Banks (including Regional Rural Banks)  
All Small Finance Banks  
All Local Area Banks  
All Payment Banks  
All Primary (Urban) Co-operative Banks/ DCCBs /State Cooperative Banks

Dear Sir / Madam,

**Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] - Master Direction on Interest Rate on Deposits**

Please refer to the instructions on the Foreign Currency (Non-resident) Accounts (Banks) Scheme contained in Section 19 of the [Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296) and Section 18 of the [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).

2. In view of the impending discontinuance of LIBOR as a benchmark rate, it has been decided to permit banks to offer interest rates on FCNR (B) deposits using widely accepted ‘Overnight Alternative Reference Rate (ARR) for the respective currency’ with upward revision in the interest rates ceiling by 50 bps.

3. As a measure to handle the information asymmetry during the transition, FEDAI may publish the ARR till such time the widely accepted benchmark is established. The relevant sections of the Master Directions as amended are indicated in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12191&Mode=0#AN).

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

Yours faithfully,

(Neeraj Nigam)  
Chief General Manager-in-Charge  
Encl: As above

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12191&Mode=0>

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

RBI/2021-22/121  
DOR.STR.REC.66/13.07.010/2021-22

November 9, 2021

**All Scheduled Commercial Banks  
(excluding Payments Banks and RRBs)**

Dear Sir / Madam

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

Please refer to the [Master Circular DBR.No.Dir.BC.11/13.03.00/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9879) consolidating the instructions / guidelines issued to banks till June 30, 2015, relating to Guarantees and Co-acceptances. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12189&Mode=0#MC) consolidates the instructions on the above matter issued up to November 8, 2021.

Yours faithfully

Manoranjan Mishra  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12189&Mode=0>

**Investment by Foreign Portfolio Investors (FPIs) in Debt – Review**

RBI/2021-22/120  
A.P. (DIR Series) Circular No. 16

November 08, 2021

To

All Authorised Persons

Madam / Sir

**Investment by Foreign Portfolio Investors (FPIs) in Debt – Review**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 1 to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide [Notification No. FEMA.396/2019-RB dated October 17, 2019](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0), as amended from time to time and the relevant Directions issued thereunder.

2. A reference is also invited to the following Directions issued by the Reserve Bank:

a. [A.P. (DIR Series) Circular No. 31 dated June 15, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11303&Mode=0), as amended from time to time; and

b. [A.P. (DIR Series) Circular No. 34 dated May 24, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11561&Mode=0), as amended from time to time.

3. An announcement was made in the Union Budget 2021-22 that debt financing of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) by Foreign Portfolio Investors (FPIs) will be enabled by making suitable amendments in the relevant legislations. Accordingly, it has been decided to permit FPIs to invest in debt securities issued by InvITs and REITs. Necessary amendments to Foreign Exchange Management (Debt Instruments) Regulations, 2019 ([Notification No. FEMA 396/2019-RB dated October 17, 2019](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0)) have been notified on October 21, 2021 and are [annexed](https://rbidocs.rbi.org.in/rdocs/content/pdfs/APDIR120_AN.pdf) to this circular.

4. FPIs can acquire debt securities issued by InvITs and REITs under the Medium-Term Framework (MTF) or the Voluntary Retention Route (VRR). Such investments shall be reckoned within the limits and shall be subject to the terms and conditions for investments by FPIs in debt securities under the respective regulations of MTF and VRR.

5. AD Category-I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

6. The Directions contained in this circular have been issued under Sections 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

(Dimple Bhandia)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12188&Mode=0>

**Master Circular- Guarantees, Co-Acceptances & Letters of Credit – UCBs**

RBI/2021-22/119  
DoR.STR.REC.65/09.27.000/2021-22

November 02, 2021

The Managing Director/ Chief Executive Officers  
All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

**Master Circular- Guarantees, Co-Acceptances & Letters of Credit - UCBs**

Please refer to our [Master Circular DCBR. BPD (PCB) MC. No.8/09.27.000/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9813) on the captioned subject (available at RBI website <https://rbi.org.in/>). The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12187&Mode=0#MC1) consolidates and updates all the instructions / guidelines on the subject issued up to November 1, 2021 as listed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12187&Mode=0#ANNEX).

Yours faithfully

(Manoranjan Mishra)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12187&Mode=0>

**Prompt Corrective Action (PCA) Framework for Scheduled Commercial Banks**

RBI/2021-22/118  
DOS.CO.PPG.SEC.No.4/11.01.005/2021-22

November 02, 2021

All Scheduled Commercial Banks  
(Excluding Small Finance Banks, Payment Banks and Regional Rural Banks)

Madam/ Dear Sir,

**Prompt Corrective Action (PCA) Framework for Scheduled Commercial Banks**

Please refer to the [circular No. DBS.CO.PPD.BC.No.8/11.01.005/2016-17 dated April 13, 2017](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10921&Mode=0) on the Revised Prompt Corrective Action (PCA) Framework for Scheduled Commercial Banks (SCBs).

2. The existing PCA Framework for SCBs has since been reviewed and revised. The revised Framework is provided in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12186&Mode=0#AN_1).

3. The provisions of the revised PCA Framework will be effective from January 1, 2022.

4. The objective of the PCA Framework is to enable Supervisory intervention at appropriate time and require the Supervised Entity to initiate and implement remedial measures in a timely manner, so as to restore its financial health. The PCA Framework is also intended to act as a tool for effective market discipline. The PCA Framework does not preclude the Reserve Bank of India from taking any other action as it deems fit at any time, in addition to the corrective actions prescribed in the Framework.

5. The contents of the circular may be brought to the attention of the bank’s Board of Directors.

Yours faithfully

**(Ajay Kumar Choudhary)  
Chief General Manager In-Charge**

Enclosure: PCA Framework for Scheduled Commercial Banks

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12186&Mode=0>

**Master Direction – Prudential Norms on Capital Adequacy for Local Area Banks (Directions), 2021**

RBI/DOR/2021-22/87  
DOR.CAP.REC.No.61/21.01.002/2021-22

October 26, 2021

All Local Area Banks

Dear Sir / Madam,

**Master Direction – Prudential Norms on Capital Adequacy for Local Area Banks (Directions), 2021**

The Reserve Bank of India has, from time to time, issued several guidelines / instructions / directives to Local Area Banks on Prudential Norms on Capital Adequacy.

2. To enable Local Area Banks to have current instructions at one place, a [Master Direction](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12182&Mode=0#MD), incorporating all the existing guidelines / instructions / directives on the subject, has been prepared for reference of the banks.

3. This Direction has been issued by RBI in exercise of its powers conferred under Section 35A of the Banking Regulation Act 1949 and in exercise of all the powers enabling it in this behalf.

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12182&Mode=0>

**Value Free Transfer (VFT) of Government Securities – Guidelines**

RBI/2021-22/108  
IDMD.CDD.No.S930/11.22.003/2021-22

October 5, 2021

All SGL/CSGL Account holders

Madam/Sir,

**Value Free Transfer (VFT) of Government Securities – Guidelines**

A reference is invited to [Notification No.78 dated November 16, 2018](https://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=11417) on **Value Free Transfer (VFT) of Government Securities – Guidelines** under which separate guidelines for VFT were issued to enable more efficient operations in the Government securities market. On a review, it has been decided to issue revised Value Free Transfer Guidelines to further streamline VFT of government securities.

2. VFT of the government securities shall mean transfer of securities from one SGL/CSGL to another SGL/CSGL account, without corresponding payment leg in the books of RBI.

The notification lists the transactions that shall be eligible for VFT of government securities and the system used for such transactions. For more details, the link to the notification is placed below.

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12175&Mode=0>

**Revised Subsidiary General Ledger (SGL) Account Guidelines and Constituents' Subsidiary General Ledger (CSGL) Account Guidelines**

RBI/2021-22/107  
IDMD.CDD.No.S931/11.22.001/2021-2022

October 5, 2021

All SGL/CSGL Holders

Madam/Sir,

**Revised Subsidiary General Ledger (SGL) Account Guidelines and Constituents' Subsidiary General Ledger (CSGL) Account Guidelines**

In exercise of powers conferred by Section 4 of Government Securities Act 2006, Reserve Bank of India has issued and gazetted revised [Eligibility Criteria and Operational Guidelines for opening and maintaining of Subsidiary General Ledger (SGL) Accounts and Constituents’ Subsidiary General Ledger (CSGL) Accounts dated September 22, 2021](https://rbidocs.rbi.org.in/rdocs/content/pdfs/SGLCSGL05102021_1.pdf). These Guidelines have been issued in supersession to earlier [Guidelines dated October 29, 2018](https://rbidocs.rbi.org.in/rdocs/content/pdfs/SGLCSGL05102021_2.pdf).

Yours faithfully,

(Rajendra Kumar)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12174&Mode=0>

**Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas**

RBI/2021-22/106  
DOR.CAP.REC.No.56/21.06.201/2021-22

October 4, 2021

All Scheduled Commercial Banks (Excluding RRBs)

Dear Sir/ Madam,

**Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas**

Please refer to paragraph 1.16 of Annex 4 (Criteria for Inclusion of Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital) to the [Master Circular Ref DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859) on ‘Basel III Capital Regulations’ and the [circular Ref. DBR.BP.BC.No.28/21.06.001/2016-17 dated November 3, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10676&Mode=0) on Issue of Rupee Denominated Bonds Overseas.

2. Several banks have approached us to clarify the amount of capital funds that can be raised overseas. The issue has been examined and it is clarified that the “eligible amount” for purpose of issue of PDIs in foreign currency as per para 1.16 (ii) of Annex 4 to the [Master Circular dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859) referred to above, would mean the higher of:

(a) 1.5% of Risk Weighted Assets (RWAs) and

(b) Total Additional Tier 1 capital

as on March 31 of the previous financial year.

Not more than 49% of the “eligible amount” as above can be issued in foreign currency and/or in rupee denominated bonds overseas.

3. Accordingly, the sub para (ii) of paragraph 1.16 of Annex 4 to the [Master Circular dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859) referred to above is amended as indicated in [Annex 1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12173&Mode=0#A_1) enclosed herewith. An illustration is enclosed in [Annex 2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12173&Mode=0#A_2) for greater clarity.

4. All the other terms of the [Master Circular on Basel III Capital Regulations dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859), referred to above, as amended from time to time, shall remain unchanged. The issuances as above shall be subject to all applicable prudential norms and FEMA guidelines.

Yours faithfully

(Neeraj Nigam)  
Chief General Manager-in-Charge

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12173&Mode=0>

**Value Free Transfer (VFT) of Government Securities – Guidelines**

RBI/2021-22/108  
IDMD.CDD.No.S930/11.22.003/2021-22

October 5, 2021

All SGL/CSGL Account holders

Madam/Sir,

**Value Free Transfer (VFT) of Government Securities – Guidelines**

A reference is invited to [Notification No.78 dated November 16, 2018](https://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=11417) on **Value Free Transfer (VFT) of Government Securities – Guidelines** under which separate guidelines for VFT were issued to enable more efficient operations in the Government securities market. On a review, it has been decided to issue revised Value Free Transfer Guidelines to further streamline VFT of government securities.

2. VFT of the government securities shall mean transfer of securities from one SGL/CSGL to another SGL/CSGL account, without corresponding payment leg in the books of RBI.

The notification lists the transactions that shall be eligible for VFT of government securities and the system used for such transactions. For more details, the link to the notification is placed below.

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12175&Mode=0>

**Revised Subsidiary General Ledger (SGL) Account Guidelines and Constituents' Subsidiary General Ledger (CSGL) Account Guidelines**

RBI/2021-22/107  
IDMD.CDD.No.S931/11.22.001/2021-2022

October 5, 2021

All SGL/CSGL Holders

Madam/Sir,

**Revised Subsidiary General Ledger (SGL) Account Guidelines and Constituents' Subsidiary General Ledger (CSGL) Account Guidelines**

In exercise of powers conferred by Section 4 of Government Securities Act 2006, Reserve Bank of India has issued and gazetted revised [Eligibility Criteria and Operational Guidelines for opening and maintaining of Subsidiary General Ledger (SGL) Accounts and Constituents’ Subsidiary General Ledger (CSGL) Accounts dated September 22, 2021](https://rbidocs.rbi.org.in/rdocs/content/pdfs/SGLCSGL05102021_1.pdf). These Guidelines have been issued in supersession to earlier [Guidelines dated October 29, 2018](https://rbidocs.rbi.org.in/rdocs/content/pdfs/SGLCSGL05102021_2.pdf).

Yours faithfully,

(Rajendra Kumar)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12174&Mode=0>

**Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas**

RBI/2021-22/106  
DOR.CAP.REC.No.56/21.06.201/2021-22

October 4, 2021

All Scheduled Commercial Banks (Excluding RRBs)

Dear Sir/ Madam,

**Basel III Capital Regulations - Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital – Eligible Limit for Instruments Denominated in Foreign Currency/Rupee Denominated Bonds Overseas**

Please refer to paragraph 1.16 of Annex 4 (Criteria for Inclusion of Perpetual Debt Instruments (PDI) in Additional Tier 1 Capital) to the [Master Circular Ref DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859) on ‘Basel III Capital Regulations’ and the [circular Ref. DBR.BP.BC.No.28/21.06.001/2016-17 dated November 3, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10676&Mode=0) on Issue of Rupee Denominated Bonds Overseas.

2. Several banks have approached us to clarify the amount of capital funds that can be raised overseas. The issue has been examined and it is clarified that the “eligible amount” for purpose of issue of PDIs in foreign currency as per para 1.16 (ii) of Annex 4 to the [Master Circular dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859) referred to above, would mean the higher of:

(a) 1.5% of Risk Weighted Assets (RWAs) and

(b) Total Additional Tier 1 capital

as on March 31 of the previous financial year.

Not more than 49% of the “eligible amount” as above can be issued in foreign currency and/or in rupee denominated bonds overseas.

3. Accordingly, the sub para (ii) of paragraph 1.16 of Annex 4 to the [Master Circular dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859) referred to above is amended as indicated in [Annex 1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12173&Mode=0#A_1) enclosed herewith. An illustration is enclosed in [Annex 2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12173&Mode=0#A_2) for greater clarity.

4. All the other terms of the [Master Circular on Basel III Capital Regulations dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859), referred to above, as amended from time to time, shall remain unchanged. The issuances as above shall be subject to all applicable prudential norms and FEMA guidelines.

Yours faithfully

(Neeraj Nigam)  
Chief General Manager-in-Charge

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12173&Mode=0>

**Use of any Alternative reference rate in place of LIBOR for interest payable in respect of export / import transactions**

RBI/2021-2022/101  
A.P. (DIR Series) Circular No.13

September 28, 2021

To

All Category-I Authorised Dealer Banks

**Use of any Alternative reference rate in place of LIBOR for interest payable in respect of export / import transactions**

Attention of Authorised Dealer Category– I banks (AD banks) is invited to extant Regulation 15 of Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 notified vide [FEMA 23(R)/2015-RB dated January 12, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10256&Mode=0) and various directions issued to AD banks from time to time prescribing LIBOR linked interest payable in respect of export/import transactions.

2. In view of the impending cessation of LIBOR as a benchmark rate, it has been decided to permit AD banks to use any other widely accepted/Alternative reference rate in the currency concerned for such transactions. All other instructions in this regard shall remain unchanged. The necessary enabling amendment to FEMA 23(R)/2015-RB has since been notified vide [Notification No. FEMA 23(R)/(5)/2021-RB dated September 08, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12167&Mode=0) ([copy enclosed](https://rbidocs.rbi.org.in/rdocs/content/pdfs/Gazette28092021.pdf)).

3. AD banks may bring the contents of this circular to the notice of their constituents concerned.

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

Yours faithfully,

(R. S. Amar)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12168&Mode=0>

**Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021**

RBI/DOR/2021-22/85  
DOR.STR.REC.53/21.04.177/2021-22

September 24, 2021

All Scheduled Commercial Banks (including Small Finance Banks but excluding Regional Rural Banks);  
All All-India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI);  
All Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs)

**Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021**

Please refer to the Draft Framework for Securitisation of Standard Assets that was released on [June 8, 2020](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49920) for comments from various stakeholders.

2. Based on the examination of the comments received, the Reserve Bank has issued the Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021, which are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12165&Mode=0#ANC1). These directions 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.

3. These directions come into immediate effect replacing the existing instructions on the matter of securitisation of standard assets. All lending institutions are advised to take necessary steps to ensure compliance with these directions.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12165&Mode=0>

**Master Direction – Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021**

RBI/FMRD/2021-22/84  
FMRD.FMD.07/02.03.247/2021-22

September 16, 2021

To,

All Eligible Market Participants

Madam/Sir,

**Master Direction – Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021**

Please refer to Paragraph 11 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50748) announced as a part of the [Bi-monthly Monetary Policy Statement for 2020-21 dated December 04, 2020](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50747), regarding review of the Comprehensive Guidelines on Derivatives (CGD).

2. The draft Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2020 were released for public comments on [December 04, 2020](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50760). Based on the feedback received from the market participants, the draft Directions were reviewed and have since been finalised. The Master Direction – Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021 are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12163&Mode=0#A_1) herewith.

Yours faithfully,

(Dimple Bhandia)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12163&Mode=0>

**Large Exposures Framework – Credit Risk Mitigation (CRM) for offsetting – non-centrally cleared derivative transactions of foreign bank branches in India with their Head Office**

RBI/2021-22/97  
DOR.CRE.REC.47/21.01.003/2021-22

September 09, 2021

All Scheduled Commercial Banks  
(Excluding Regional Rural Banks)

Dear Sir/Madam,

**Large Exposures Framework – Credit Risk Mitigation (CRM) for offsetting – non-centrally cleared derivative transactions of foreign bank branches in India with their Head Office**

Please refer to [circular No.DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11573&Mode=0) on Large Exposures Framework (LEF).

2. It is advised that the Indian branches of foreign banks shall be permitted to reckon cash/unencumbered approved securities, the source of which is interest-free funds from Head Office or remittable surplus retained in Indian books (reserves), held with RBI under 11(2)(b)(i) of the Banking Regulation Act,1949 (‘BR Act’) as CRM, for offsetting the gross exposure of the foreign bank branches in India to the Head Office (including overseas branches) for the calculation of LEF limit, subject to the following conditions:

1. The amount so held shall be over and above the other regulatory and statutory requirements and shall be certified by the statutory auditors.
2. The amount so held shall not be included in regulatory capital. (i.e., no double counting of the fund placed under Section 11(2) as both capital and CRM). Accordingly, while assessing the capital adequacy of a bank, the amount will form part of regulatory adjustments made to Common Equity Tier 1 Capital.
3. The bank shall furnish an undertaking as on March 31 every year to the Department of Supervision (DoS), RBI that the balance reckoned as CRM for the purpose will be maintained on a continuous basis.
4. The CRM shall be compliant with the principles/conditions prescribed in paragraph 7 in the [Master Circular – Basel III Capital Regulations dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9859) as amended from time to time.

More details can be referred to in the below link

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12160&Mode=0>

**Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021**

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

**Notification No. FEMA 23(R)/(5)/2021-RB**

**September 08, 2021**

**Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021**

In exercise of the powers conferred by sub-section (1) and sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 [[Notification No. FEMA 23(R)/2015- RB dated January 12, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10256&Mode=0)] (hereinafter referred to as 'the Principal Regulations'), namely:

**1. Short title and commencement: -**

1. These Regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021.
2. They shall come into force from the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/content/pdfs/Gazette28092021.pdf).

2. In the Principal Regulations, in Regulation 15, in sub-regulation 1, for clause (ii), the following shall be substituted, namely: -

“ii) the rate of interest, if any, payable on the advance payment shall not exceed 100 basis points above the London Inter-Bank Offered Rate (LIBOR) **or other applicable benchmark as may be directed by the Reserve Bank, as the case may be;** and”.

(R. S. Amar)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12167&Mode=0>

**Master Direction on Financial Statements - Presentation and Disclosures (Updated as on November 15, 2021)**

RBI/DOR/2021-22/83  
DOR.ACC.REC.No.45/21.04.018/2021-22

August 30, 2021  
(Updated as on November 15, 2021)

All Commercial Banks and  
Primary (urban) Cooperative Banks

Madam/ Dear Sir,

**Master Direction on Financial Statements - Presentation and Disclosures**

The Reserve Bank of India has, from time to time, issued several guidelines/instructions/directives to the banks on the presentation of financial statements, regulatory clarification on compliance with accounting standards, and disclosures in notes to accounts.

2. A Master Direction incorporating, updating and where required, harmonizing across the banking sector the extant guidelines/instructions/directives on the subject has been prepared to enable banks to have all current instructions on presentation and disclosure in financial statements at one place for reference. However, it may be noted that in addition to these disclosures, Commercial Banks shall comply with the disclosures specified under the applicable regulatory capital framework.

3. Reserve Bank of India has issued this [Direction](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12158&Mode=0#MC) in the exercise of its powers conferred under section 35A and section 56 of the Banking Regulation Act, 1949, and all the powers enabling it on this behalf.

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12158&Mode=0>

**Enhancements to Indo-Nepal Remittance Facility Scheme**

RBI/2021-22/94  
CO.DPSS.RPPD.No.S475/04.09.003/2021-22

August 27, 2021

The Chairman / Managing Director / Chief Executive Officer  
of all banks participating in NEFT

Madam / Dear Sir,

**Enhancements to Indo-Nepal Remittance Facility Scheme**

The Indo-Nepal Remittance Facility Scheme (Scheme) was launched by the Reserve Bank of India in May 2008 as an option for cross-border remittances from India to Nepal, with special focus on requirements of migrant workers of Nepali origin working in India. The Scheme leverages the National Electronic Funds Transfer (NEFT) ecosystem available in the country for origination of such remittances and entails a ceiling of ₹50,000 per remittance with a maximum of 12 remittances in a year. The beneficiary receives funds in Nepalese Rupees through credit to her / his bank account maintained with the subsidiary of State Bank of India (SBI) in Nepal, i.e., Nepal SBI Bank Limited (NSBL) or th q`1 rough an agency arrangement.

2. A review of the Scheme has since been made and to boost trade payments between the two countries, as also to facilitate person-to-person remittances electronically to Nepal, the following enhancements are announced –

1. Increase in the ceiling per transaction from ₹50,000 to ₹2 lakh.
2. Removal of the cap of 12 remittances in a year per remitter.
3. As hitherto, banks shall accept remittances by way of cash from walk-in customers or non-customers. The ceiling of ₹50,000 per remittance with a maximum of 12 remittances in a year shall, however, continue to apply for such remittances.
4. The charges for transactions up to ₹50,000 shall continue as provided in [circular DPSS (CO) No.1381/04.09.003/2008-09 dated February 09, 2009](https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=4832&Mode=0). For transactions beyond ₹50,000, the charges prescribed by SBI shall apply.
5. The banks shall put in place suitable velocity checks and other risk mitigation procedures.

3. The enhancements are also expected to facilitate payments relating to retirement, pension, etc., to our ex-servicemen who have settled / relocated in Nepal.

4. These directions are issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect from October 01, 2021.

Yours faithfully,

(P Vasudevan)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12155&Mode=0>

**Prudential Norms for Off-Balance Sheet Exposures of Banks – Restructuring of derivative contracts**

RBI/2021-22/81  
DOR.MRG.39/21.04.157/2021-22

August 06, 2021

All Banks

Madam / Dear Sir,

**Prudential Norms for Off-Balance Sheet Exposures of Banks – Restructuring of derivative contracts**

Please refer to paragraph 2.2 of our [circular DBOD.No.BP.BC.57/21.04.157/2008-09 dated October 13, 2008](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=4532&Mode=0), in terms of which any change in any of the parameters of the original derivative contract would be treated as a restructuring.

2. In this context, it is clarified that change in the terms of a derivative contract on account of change in reference rate necessitated due to transition from LIBOR to an alternative reference rate shall not be treated as restructuring of the derivative contract provided all other parameters of the original contract remain unchanged.

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12141&Mode=0>

**Export Credit in Foreign Currency – Benchmark Rate**

RBI/2021-2022/79  
DOR.DIR.REC.37/04.02.002/2021-22

August 6, 2021

All Scheduled Commercial Banks  
(excluding Regional Rural Banks)  
All Primary (Urban) Co-operative Banks[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12139&Mode=0#F1)  
All Small Finance Banks

Dear Sir / Madam,

**Export Credit in Foreign Currency – Benchmark Rate**

Please refer to [Master Circular DBR.No.DIR.BC.14/04.02.002/2015-16 dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9852) on Rupee / Foreign Currency Export Credit and Customer Service to Exporters.

2. As per the extant guidelines, authorized dealers are permitted to extend Pre-shipment Credit in Foreign Currency (PCFC) to exporters for financing the purchase, processing, manufacturing or packing of goods prior to shipment at LIBOR/EURO LIBOR/EURIBOR related rates of interest.

3. In view of the impending discontinuance of LIBOR as a benchmark rate, it has been decided to permit banks to extend export credit using any other widely accepted Alternative Reference Rate in the currency concerned. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12139&Mode=0>

**Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021**

RBI/DOR/2021-22/80  
DOR.No.RET.REC.32/12.01.001/2021-22

July 20, 2021

**Master Direction - Reserve Bank of India  
[Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions - 2021**

In exercise of the powers conferred by Section 35 A of the Banking Regulation Act, 1949 and pursuant to Section 42 of the Reserve Bank of India Act, 1934 and Sections 18, 24 and 56 of the Banking Regulation Act, 1949 as amended from time to time, 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.

The direction details on the following:

**CHAPTER – I - PRELIMINARY**

**CHAPTER – II - APPLICABILITY**

**CHAPTER – III - DEFINITIONS**

**CHAPTER – IV - CASH RESERVE RATIO (CRR)**

**CHAPTER – V - STATUTORY LIQUIDITY RATIO (SLR)**

**CHAPTER – VI - PROCEDURE FOR COMPUTATION OF SLR**

**CHAPTER – VII REPORTING - FORTNIGHTLY CRR RETURN IN FORM A / FORM B/ FORM I**

**CHAPTER – VIII - PENALTIES**

**CHAPTER – IX - REPEAL AND OTHER PROVISIONS**

Details under each of the above chapters can be read from the below link

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12131&Mode=0>

**Roadmap for LIBOR Transition**

RBI/2021-22/69  
CO.FMRD.DIRD.S39/14.02.001/2021-22

July 08, 2021

To

The Chief Executive Officer/ Chairman/Managing Director,  
All Commercial and Co-operative Banks / All India Financial Institutions / Non-Banking Financial Companies including Housing Finance Companies and Standalone Primary Dealers

Madam / Dear Sir

**Roadmap for LIBOR Transition**

The Reserve Bank of India had, in August 2020, requested banks to frame a Board-approved plan, outlining an assessment of exposures linked to the London Interbank Offered Rate (LIBOR) and the steps to be taken to address risks arising from the cessation of LIBOR, including preparation for the adoption of the Alternative Reference Rates (ARR). The Financial Conduct Authority (FCA), UK has announced on March 05, 2021 that LIBOR will either cease to be provided by any administrator or no longer be a representative rate:

(a) Immediately after December 31, 2021, in the case of all Pound sterling, Euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

(b) Immediately after June 30, 2023, in the case of the remaining US dollar settings.

More details on the roadmap for LIBOR transition can be referred to from the below link

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12128&Mode=0>

**Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit – Extension**

RBI/2021-22/65  
DOR.CRE(DIR).REC.28/04.02.001/2021-22

July 1, 2021

All Scheduled Commercial Banks (excluding RRBs),  
Small Finance Banks, Primary (Urban) Cooperative Banks  
and EXIM Bank

Dear Sir / Madam,

**Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit - Extension**

Please refer to the instructions issued vide [circular DOR.CRE.REC.06/04.02.001/2021-22 dated April 12, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12075&Mode=0).

2. Government of India has approved the extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit, with the same scope and coverage, for a further period of three months, i.e., up to September 30, 2021. The extension takes effect from July 01, 2021 and ends on September 30, 2021 covering a period of three months.

3. Consequently, the extant operational instructions issued by the Reserve Bank under the captioned Scheme shall continue to remain in force up to September 30, 2021.

Yours faithfully

(Manoranjan Mishra)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12124&Mode=0>