**Principles & Practices of Banking**

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| **Sr.No.** | **RBI Notifications** |
| 1 | Periodic Updation of KYC – Restrictions on Account Operations for Non-compliance |
| 2 | Restriction on storage of actual card data [i.e. Card-on-File (CoF)] |
| 3 | Government Agency Business Arrangement – Appointment of Scheduled Private Sector Banks as Agency Banks of Reserve Bank of India (RBI) |
| 4 | Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF) - return to the normal dispensation |
| 5 | Appointment of Internal Ombudsman by Non-Banking Financial Companies |
| 6 | Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications |
| 7 | Integrated Ombudsman Scheme, 2021 |
| 8 | Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] - Master Direction on Interest Rate on Deposits |
| 9 | Master Circular - Guarantees and Co-acceptances |
| 10 | Master Circular- Income Recognition, Asset Classification, Provisioning and Other Related Matters – UCBs |
| 11 | Opening of Current Accounts by Banks - Need for Discipline |
| 12 | Gold Monetization Scheme (GMS), 2015 |
| 13 | Master Direction – Prudential Norms on Capital Adequacy for Local Area Banks (Directions), 2021 |
| 14 | Sovereign Gold Bond Scheme of the Government of India (GoI) - Procedural Guidelines - Consolidated |
| 15 | Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs |
| 16 | Priority Sector Lending- Banks’ lending to NBFCs for on-lending – Extension of facility |
| 17 | Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances |
| 18 | Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 |
| 19 | Tokenisation – Card Transactions: Permitting Card-on-File Tokenisation (CoFT) Services |
| 20 | Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff - Clarification |
| 21 | Master Directions on Prepaid Payment Instruments (PPIs) |
| 22 | Enhancements to Indo-Nepal Remittance Facility Scheme |
| 23 | Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 |
| 24 | Tokenisation – Card Transactions : Extending the Scope of Permitted Devices |
| 25 | Notification as ‘Financial Institution’ under Section 2(1)(m)(iv) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) |
| 26 | Safe Deposit Locker/Safe Custody Article Facility provided by the banks - Revised Instructions |
| 27 | Monitoring of Availability of Cash in ATMs |
| 28 | Enhancement of collateral free loans to Self Help Groups (SHGs) under DAY-NRLM from ₹10 lakh to ₹20 Lakh |
| 29 | Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF) - Extension of Relaxation |
| 30 | Guidelines for Implementation of the circular on Opening of Current Accounts by Banks |
| 31 | Framework for Outsourcing of Payment and Settlement-related Activities by Payment System Operators |
| 32 | Rating of Deposits of HFCs – Approved Credit Rating Agencies and Minimum Investment Grade Credit Rating |
| 33 | Loans and Advances – Regulatory Restrictions |
| 34 | Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021 |
| 35 | Cassette - Swaps in ATMs |
| 36 | New Definition of Micro, Small and Medium Enterprises - Addition of Retail and Wholesale Trade |
| 37 | Review of Instructions on Interest on overdue domestic deposits |

**Periodic Updation of KYC – Restrictions on Account Operations for Non-compliance**

RBI/2021-22/144  
DOR.AML.REC.74/14.01.001/2021-22

December 30, 2021

The Chairpersons/ CEOs of all the Regulated Entities

Madam/Dear Sir,

**Periodic Updation of KYC – Restrictions on Account Operations for Non-compliance**

Please refer to our [circular DOR.AML.REC 13/14.01.001/2021-22 dated May 5, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12083&Mode=0), on the captioned subject.

2. In view of the prevalent uncertainty due to new variant of Covid-19, the relaxation provided in the aforementioned circular is hereby extended till March 31, 2022.

Yours faithfully,

(Prakash Baliarsingh)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12213&Mode=0>

**Restriction on storage of actual card data [i.e. Card-on-File (CoF)]**

RBI/2021-2022/142

CO.DPSS.POLC.No.S-1211/02-14-003/2021-22

December 23, 2021

All Payment System Providers and Payment System Participants

Madam / Dear Sir,

**Restriction on storage of actual card data [i.e. Card-on-File (CoF)]**

In terms of our circular DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 on “Guidelines on Regulation of Payment Aggregators and Payment Gateways”, the authorised non-bank payment aggregators and merchants on-boarded by them were prohibited from storing card data (CoF) from June 30, 2021. At the request of industry stakeholders, this timeline was extended to December 31, 2021 vide circular CO.DPSS.POLC.No.S33/02-14-008/2020-2021 dated March 31, 2021. Further, regulations on CoF Tokenisation (CoFT) were issued vide circular CO.DPSS.POLC.No.S-516/02-14-003/2021-22 dated September 07, 2021 on “Tokenisation – Card Transactions: Permitting Card-on-File Tokenisation (CoFT) Services”.

2. In light of various representations received in this regard, we advise as under:

the timeline for storing of CoF data is extended by six months, i.e., till June 30, 2022; post this, such data shall be purged; and

in addition to tokenisation, industry stakeholders may devise alternate mechanism(s) to handle any use case (including recurring e-mandates, EMI option, etc.) or post-transaction activity (including chargeback handling, dispute resolution, reward / loyalty programme, etc.) that currently involves / requires storage of CoF data by entities other than card issuers and card networks.

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,

(Sudhanshu Prasad)

General Manager (Officer in Charge)

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12211&Mode=0>

**Government Agency Business Arrangement – Appointment of Scheduled Private Sector Banks as Agency Banks of Reserve Bank of India (RBI)**

RBI/2021-22/140  
CO.DGBA.GBD.No.S1112/42-01-033/2021-2022

December 15, 2021

All Scheduled Payments Banks and Scheduled Small Finance Banks in India

Dear Sir / Madam

**Government Agency Business Arrangement – Appointment of Scheduled Private Sector Banks as Agency Banks of Reserve Bank of India (RBI)**

Please refer to [RBI Circular RBI/2021-22/36; CO.DGBA.GBD.No.S77/42.01.033/2021-22 dated May 10, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12090&Mode=0) on the captioned subject.

2. It has now been decided in consultation with the Department of Financial Services, Ministry of Finance, Government of India, to make scheduled payments banks and scheduled small finance banks eligible to conduct Government agency business. Any payment bank or small finance bank that intends to undertake Government agency business may be appointed as an agent of RBI upon execution of an agreement with RBI, provided that the overarching regulatory framework prescribed for these banks is complied with.

3. All the instructions/conditions prescribed in our aforesaid [Circular dated May 10, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12090&Mode=0) will henceforth be applicable to the scheduled payments banks and scheduled small finance banks also.

Yours faithfully

(R. Kamalakannan)  
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12209&Mode=0>

**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>

**Appointment of Internal Ombudsman by Non-Banking Financial Companies**

RBI/2021-2022/126  
CO.CEPD.PRS.No.S874/13-01-008/2021-2022

November 15, 2021

The Chairman/Managing Director & CEO  
a) NBFCs-D with 10 or more branches, and  
b) NBFCs-ND with asset size of Rs 5,000 crore and above (excluding NBFCs given in para 3 of this direction)

Madam/Dear Sir,

**Appointment of Internal Ombudsman by Non-Banking Financial Companies**

In exercise of the powers conferred by Section 45 (L) read with 45 (M) of the Reserve Bank of India Act, 1934, Reserve Bank of India (RBI) being satisfied that it is in public interest and in the interest of conduct of business relating to Non-Banking Financial Companies (NBFCs), directs NBFCs registered with RBI under Section 45-IA of the RBI Act, 1934, fulfilling the criteria given below, to appoint an Internal Ombudsman (IO).

**2.** NBFCs fulfilling the following criteria as on date would be required to appoint the IO:

a) Deposit-taking NBFCs (NBFCs-D) with 10 or more branches.

b) Non-Deposit taking NBFCs (NBFCs-ND) with asset size of Rs.5,000 crore and above and having public customer interface.

**3.** The following types of NBFCs will be excluded from the applicability of this direction:

1. Stand-alone Primary Dealer;
2. Non-Banking Financial Company - Infrastructure Finance Company (NBFC-IFC);
3. Core Investment Company (CIC);
4. Infrastructure Debt Fund - Non-Banking Financial Company (IDF-NBFC);
5. Non-Banking Financial Company – Account Aggregator (NBFC-AA);
6. NBFC under Corporate Insolvency Resolution Process;
7. NBFC in liquidation;
8. NBFC having only captive customers.

The circular also covers aspects on Appointment of the IO; Tenure of the IO; Secretariat and Cost of the IO; Roles and Responsibilities of IO; Board Oversight; Supervisory Oversight; Reporting to RBI etc.

These can be referred to in the link below:

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12195&Mode=0>

**Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications**

RBI/2021-2022/125  
DOR.STR.REC.68/21.04.048/2021-22

November 12, 2021

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

Madam/Dear Sir,

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

Please refer to the [Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP norms) dated October 1, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12171). With a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions, certain aspects of the extant regulatory guidelines are being clarified and/or harmonized, which will be applicable *mutatis mutandis* to all lending institutions. Wherever references to circulars/instructions applicable to banks have been made, other lending institutions may refer to instructions as applicable to them. All the instructions in this circular cover aspects on:

**A. Specification of due date/repayment date**

**B. Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)**

**C. Clarification regarding definition of ‘out of order’**

**D. NPA classification in case of interest payments**

**E. Upgradation of accounts classified as NPAs**

**F. Income recognition policy for loans with moratorium on payment of interest**

**G. Consumer Education**

Details under each aspect may be referred from the below link

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12194&Mode=0>

**Reserve Bank - Integrated Ombudsman Scheme, 2021**

**DEPUTY GOVERNOR**

**Reserve Bank of India  
Mumbai**

**Reserve Bank - Integrated Ombudsman Scheme, 2021**

**NOTIFICATION**

Ref. CEPD. PRD. No.S873/13.01.001/2021-22

November 12, 2021

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 (10 of 1949), Section 45L of the Reserve Bank of India Act, 1934 (2 of 1934) and Section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007), and in supersession of its Notifications Ref. (i) CEPD. PRS. No. 6317/13.01.01/2016-17 dated June 16, 2017; (ii) [CEPD. PRS. No. 3590/13.01.004/2017-18 dated February 23, 2018](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11220&Mode=0); and (iii) [CEPD. PRS. No. 3370/13.01.010/2018-19 dated January 31, 2019](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11461&Mode=0), the Reserve Bank of India, being satisfied that it is in public interest to do so, and to make the alternate dispute redress mechanism simpler and more responsive to the customers of entities regulated by it, hereby integrates the three Ombudsman schemes – (i) [the Banking Ombudsman Scheme, 2006](https://rbidocs.rbi.org.in/rdocs/Content/PDFs/BOS2006_2302017.pdf), as amended up to July 01, 2017; (ii) [the Ombudsman Scheme for Non-Banking Financial Companies, 2018](https://rbidocs.rbi.org.in/rdocs/Content/PDFs/NBFC23022018.pdf); and (iii) [the Ombudsman Scheme for Digital Transactions, 2019](https://rbidocs.rbi.org.in/rdocs/Content/PDFs/OSDT31012019.pdf) into the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the Scheme).

2. The Scheme covers the following regulated entities:

1. all Commercial Banks, Regional Rural Banks, Scheduled Primary (Urban) Co-operative Banks and Non-Scheduled Primary (Urban) Co-operative Banks with deposits size of Rupees 50 crore and above as on the date of the audited balance sheet of the previous financial year;
2. all Non-Banking Financial Companies (excluding Housing Finance Companies) which (a) are authorised to accept deposits; or (b) have customer interface, with an assets size of Rupees 100 crore and above as on the date of the audited balance sheet of the previous financial year;
3. all System Participants as defined under the Scheme.

3. The regulated entities shall comply with the Scheme from the date of its implementation.

4. The format for filing a complaint under the Scheme is [annexed](https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121_A.pdf).

5. The [Scheme](https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIOS2021_121121.pdf) shall come into force from November 12, 2021.

(M. K. Jain)

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12192&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>

**Master Circular- Income Recognition, Asset Classification, Provisioning and Other Related Matters – UCBs**

RBI/2021-22/117  
DOR.No.STR.REC.64/21.04.048/2021-22

November 1, 2021

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

Madam / Dear Sir,

Master Circular- Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs

Please refer to our [Master Circular DCBR.BPD. (PCB) MC No.12/09.14.000/2015-16 dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9850) on the captioned subject. The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12185&Mode=0#MC) consolidates and updates all the instructions / guidelines on the subject issued up to October 31, 2021 as listed in the [Annex 9](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12185&Mode=0#ANNEX_9).

Yours faithfully

(Manoranjan Mishra)  
Chief General Manager

Encl: As above

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12185&Mode=0>

**Opening of Current Accounts by Banks - Need for Discipline**

RBI/2021-22/116  
DOR.CRE.REC.63/21.04.048/2021-22

October 29, 2021

All Scheduled Commercial Banks  
All Payments Banks

Madam/Sir,

**Opening of Current Accounts by Banks - Need for Discipline**

Please refer to our [circular DOR.No.BP.BC/7/21.04.048/2020-21 dated August 6, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11945&Mode=0) on the captioned subject and associated circulars thereon[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12184&Mode=0#F1).

2. On a review and taking into account feedback received from Indian Banks’ Association (IBA) and other stakeholders, it has been decided that banks may open current accounts for borrowers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system as per the provisions below:

(i) For borrowers, where the exposure of the banking system is less than ₹5 crore, there is no restriction on opening of current accounts or on provision of CC/OD facility by banks, subject to obtaining an undertaking from such borrowers that they shall inform the bank(s), as and when the credit facilities availed by them from the banking system reaches ₹5 crore or more.

(ii) In respect of borrowers where exposure of the banking system is ₹5 crore or more, such borrower can maintain current accounts with any one of the banks with which it has CC/OD facility, provided that the bank has at least 10 per cent of the exposure of the banking system to that borrower.

Further details of the circular can be accessed in the below link

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12184&Mode=0>

**Gold Monetization Scheme (GMS), 2015**

RBI/2021-22/115  
DoR.AUT.REC.62/23.67.001/2021-22

October 28, 2021

All Scheduled Commercial Banks  
(excluding Regional Rural Banks)

Dear Sir/Madam

**Gold Monetization Scheme (GMS), 2015**

In exercise of the powers conferred on the Reserve Bank of India under Section 35A of the Banking Regulation Act, 1949, the RBI makes the following amendments in the Reserve Bank of India (Gold Monetization Scheme, 2015) [Master Direction No.DBR.IBD.No.45/23.67.003/2015-16 dated October 22, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10084), with immediate effect.

2. A new sub-paragraph 2.2.2 (f) has been inserted to read as follows:

2.2.2 (f) Interest on premature closure of the deposit in case of death of depositor before and after lock-in period

The amount payable to the depositor shall be calculated as a sum of **(A) and (B)**, as indicated below:

(A) Actual market value of the gold deposit on the day of withdrawal.

(B) Interest payable on the value of the gold for the period of deposit at the applicable rate.

3. A new sub-paragraph 2.2.2 (g) has been inserted to read as follows:

2.2.2 (g) Interest on premature closure of the deposit due to default of loan taken against MLTGD before and after lock-in period

The amount payable to the depositor shall be calculated as a sum of **(A) and (B)**, as indicated below:

(A) Actual market value of the gold deposit on the day of withdrawal.

(B) Interest payable on the value of the gold for the period of deposit at the applicable rate.

4. The Reserve Bank of India [Master Direction No.DBR.IBD.45/23.67.003/2015-16 dated October 22, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10084) on Gold Monetization Scheme, 2015 has been updated incorporating the above changes.

Yours faithfully

(Prakash Baliarsingh)  
Chief General Manager

The interest rate applicable will be based on before the lock-in period or after the lock-in period and the type of deposit. These have been detailed out in a tabulated manner in the circular which can be referred to for more details in the link below.

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12183&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>

**Sovereign Gold Bond Scheme of the Government of India (GoI) - Procedural Guidelines – Consolidated**

RBI/2021-2022/114  
IDMD.CDD.1100/14.04.050/2021-22

October 22, 2021

All Scheduled Commercial Banks (Excluding RRBs)  
Designated Post Offices  
Stock Holding Corporation of India Ltd. (SHCIL)  
BSE & NSE  
Depositories  
Clearing Corporation of India Limited

Dear Sir/Madam,

**Sovereign Gold Bond Scheme of the Government of India (GoI) - Procedural Guidelines - Consolidated**

The [Sovereign Gold Bond (SGB) Scheme was first launched by Government of India (GOI) on October 30, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10095&Mode=0).As the “Receiving Offices” (RO), are entrusted with the responsibility of performing certain functions relating to receipt of applications and servicing of the bonds, RBI has also issued operational guidelines from time to time and Procedural Guidelines vide [circular IDMD.CDD.No.1569/14.04.050/2016-17 dated December 23, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10792&Mode=0) for guidance to the Receiving Offices.

2. With a view to facilitate availability of all the current operative instructions on the above subject at one place, it has been decided to issue consolidated procedural guidelines. The rules and regulations applicable for servicing of these bonds have been updated with instructions issued till date and are given in [Annex I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12181&Mode=0#ANI). The same will be updated suitably and simultaneously whenever there is a change in the rules/regulations governing the operation of the Scheme.

3. This circular supersedes all operational/procedural guidelines issued till date. With the issuance of these instructions, no separate procedural/operational instructions will be issued henceforth. All the Receiving Offices shall be guided by these instructions while dealing with servicing of these bonds.

4. These Guidelines are issued in exercise of the powers conferred under Section 29(2) of the GS Act 2006, to the Receiving Offices, BSE/NSE and depositories.

Yours faithfully,

(Rajendra Kumar)  
Chief General Manager

Encl: as above

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12181&Mode=0>

**Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs**

RBI/2021-22/112  
DOR.CRE.REC.No.60/03.10.001/2021-22

October 22, 2021

All Non-Banking Financial Companies

Madam / Sir,

**Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs**

The contribution of NBFCs towards supporting real economic activity and their role as a supplemental channel of credit intermediation alongside banks is well recognised. Over the years, the sector has undergone considerable evolution in terms of size, complexity, and interconnectedness within the financial sector. Many entities have grown and become systemically significant and hence there is a need to align the regulatory framework for NBFCs keeping in view their changing risk profile.

**2.** Pursuant to the announcement made in the [Statement on Developmental and Regulatory Policies dated December 04, 2020](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50748), a discussion paper titled ‘[Revised Regulatory Framework for NBFCs - A Scale-based Approach](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51011)’ was issued for public comments on January 22, 2021. Based on the inputs received, it has now been decided to put in place a revised regulatory framework for NBFCs ([Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0#AN1)).

**3.** As the SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc., it has been decided to first issue an integrated regulatory framework for NBFCs under SBR providing a holistic view of the SBR structure, set of fresh regulations being introduced and respective timelines. Detailed guidelines as delineated in the Annex, will be issued subsequently.

**4.** These guidelines shall be effective from October 01, 2022. The instructions relating to ceiling on IPO funding given vide para 3.1(d) of the Annex shall come into effect from April 01, 2022.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0>

**Priority Sector Lending- Banks’ lending to NBFCs for on-lending – Extension of facility**

RBI/2021-22/110  
FIDD.CO.Plan.BC.No.15/04.09.01/2021-22

October 8, 2021

The Chairman/ Managing Director  
Chief Executive Officer  
All Scheduled Commercial Banks  
(Excluding Regional Rural Banks, Small Finance Banks, Urban Co-operative Banks and Local Area Banks)

Dear Sir/Madam,

**Priority Sector Lending- Banks’ lending to NBFCs for on-lending – Extension of facility**

Please refer to para 22 of [Master Directions (MD) on PSL dated September 04, 2020](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959) (updated as on June 11, 2021) wherein the facility of bank lending to NBFCs (other than MFIs) for on-lending was allowed to be classified as PSL up to September 30, 2021.

2. As announced in the ‘[Statement on Developmental and Regulatory Policies’ dated October 8, 2021](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52368), the facility has been extended till March 31, 2022 keeping in view the increased traction observed in delivering credit to the underserved/unserved segments of the economy. Loans disbursed under the on-lending model will continue to be classified under Priority Sector till the date of repayment/maturity whichever is earlier. Further, bank loans to HFCs for on-lending for the purpose of housing, as prescribed in para 23 of our [MD on PSL dated September 4, 2020](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959), will continue as hitherto.

3. All other guidelines as issued vide MD on PSL ibid will continue to apply.

Yours faithfully,

(Sonali Sen Gupta)  
Chief General Manager-in-Charge

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12177&Mode=0>

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

RBI/2021-2022/104  
DOR.No.STR.REC.55/21.04.048/2021-22

October 1, 2021

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 No. DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9908) consolidating instructions / guidelines issued to banks till June 30, 2015 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

2. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12171&Mode=0#MD) consolidates instructions on the above matters issued as on date. A list of circulars consolidated in this Master Circular is contained in the [Annex 6](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12171&Mode=0#AN6).

Yours faithfully

(Manoranjan Mishra)  
Chief General Manager

Encl.: As above

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12171&Mode=0>

**Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021**

RBI/DOR/2021-22/86  
DOR.STR.REC.51/21.04.048/2021-22

September 24, 2021

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 All-India Financial Institutions  
All Non-Banking Financial Companies (including Housing Finance Companies)

**Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021**

Please refer to the Draft Comprehensive Framework for Sale of Loan Exposures 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 (Transfer of Loan Exposures) Directions, 2021, which are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12166&Mode=0#MD). These directions 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.

3. These directions come into immediate effect replacing the existing instructions on the matter of sale / transfer of loan exposures. 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=12166&Mode=0>

**Tokenisation – Card Transactions: Permitting Card-on-File Tokenisation (CoFT) Services**

RBI/2021-22/96  
CO.DPSS.POLC.No.S-516/02-14-003/2021-22

September 07, 2021

All Payment System Providers and Payment System Participants

Madam / Dear Sir,

**Tokenisation – Card Transactions: Permitting Card-on-File Tokenisation (CoFT) Services**

We invite reference to our [circular 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”, permitting authorised card networks to offer card tokenisation services subject to the conditions listed therein. Initially limited to mobile phones and tablets, this facility was subsequently extended to laptops, desktops, wearables (wrist watches, bands, etc.), Internet of Things (IoT) devices, etc., vide our [circular CO.DPSS.POLC.No.S-469/02-14-003/2021-22 dated August 25, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12152&Mode=0) on “Tokenisation – Card Transactions : Extending the Scope of Permitted Devices”.

2. Reference is also invited to our [circulars DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11822&Mode=0) (as updated from time to time) and [CO.DPSS.POLC.No.S33/02-14-008/2020-2021 dated March 31, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12050&Mode=0) on “Guidelines on Regulation of Payment Aggregators and Payment Gateways”, advising that neither the authorised Payment Aggregators (PAs) nor the merchants on-boarded by them shall store customer card credentials [also known as Card-on-File (CoF)].

More enhancements to the CoF and clarity on interest has been listed in the circular. This can be referred to in the below link.

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12159&Mode=0>

**Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification**

RBI/2021-22/95  
DOR.GOV.REC.44/29.67.001/2021-22

August 30, 2021

**All Private Sector Banks (including Local Area Banks, Small Finance  
Banks, Payments Banks) and Foreign Banks operating in India**

Dear Sir/Madam,

**Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff - Clarification**

Please refer to para 2.1.2 (f) of our [circular DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11720&Mode=0) on the captioned subject. In terms of the extant guidelines, share-linked instruments are required to be fair valued on the date of grant using Black-Scholes model. However, it has been observed that banks do not recognise grant of the share-linked compensation as an expense in their books of account concurrently. Therefore, in the interest of better clarity, the following sentence is being added to the extant instructions contained in the said paragraph:

**“The fair value thus arrived at should be recognised as expense beginning with the accounting period for which approval has been granted”.**

2. Banks should ensure compliance to above instructions for all share-linked instruments granted after the accounting period ending March 31, 2021.

Yours faithfully,

**(Shrimohan Yadav)  
Chief General Manager**

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12157&Mode=0>

**Master Directions on Prepaid Payment Instruments (PPIs) (Updated as on November 12, 2021)**

RBI/DPSS/2021-22/82  
CO.DPSS.POLC.No.S-479/02.14.006/2021-22

August 27, 2021  
(Updated as on November 12, 2021)

All Prepaid Payment Instrument Issuers (Banks and Non-banks) and System Participants

Madam / Dear Sir,

**Master Directions on Prepaid Payment Instruments (PPIs)**

This has reference to the [Master Direction dated October 11, 2017](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11142) on Issuance and Operation of Prepaid Payment Instruments (PPI-MD) and subsequent amendments made thereto. Keeping in view the recent updates to PPI guidelines, it has been decided to issue the [Master Directions](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12156&Mode=0#MD) afresh.

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

Yours faithfully,

(P. Vasudevan)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12156&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>

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021**

RBI/DOR/2021-22/81  
DOR.MRG.42/21.04.141/2021-22

August 25, 2021

All Commercial Banks (excluding RRBs)

Dear Sir / Madam,

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021**

The Reserve Bank of India has, from time to time, issued several guidelines / instructions / directives to the banks on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks.

2. To enable banks to have current instructions at one place, a [Master Direction](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12153&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 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=12153&Mode=0>

**Tokenisation – Card Transactions : Extending the Scope of Permitted Devices**

RBI/2021-22/92  
CO.DPSS.POLC.No.S-469/02-14-003/2021-22

August 25, 2021

The Chief Executive Officer / President  
All authorised card networks

Madam / Dear Sir,

**Tokenisation – Card Transactions : Extending the Scope of Permitted Devices**

We invite reference to our [circular DPSS.CO.PD No.1463/02.14.003/2018-19 dated January 08, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11449&Mode=0) on “Tokenisation – Card transactions”, permitting authorised card networks to offer card tokenisation services to any token requestor, subject to the conditions listed therein. The facility was available only for mobile phones and tablets of interested card holders. There has been an uptake in the volume of tokenised card transactions during the recent months.

2. On a review of the framework and keeping in view stakeholder feedback, it has been decided to extend the scope of tokenisation to include consumer devices – laptops, desktops, wearables (wrist watches, bands, etc.), Internet of Things (IoT) devices, etc. All other provisions of the circular referred to above shall continue to be applicable. This initiative is expected to make card transactions more safe, secure and convenient for the users.

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,

(P. Vasudevan)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12152&Mode=0>

**Notification as ‘Financial Institution’ under Section 2(1)(m)(iv) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)**

RBI/2021-22/91  
DOR.FIN.REC.No.41/03.10.136/2021-22

August 25, 2021

All Housing Finance Companies (HFCs)

Dear Sir/ Madam,

**Notification as ‘Financial Institution’ under Section 2(1)(m)(iv) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)**

Please refer to Para 105 of [Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12030) wherein certain criteria have been prescribed for notification of HFCs as ‘Financial Institution’ under Section 2(1)(m)(iv) of the SARFAESI Act.

2. In this connection, Government of India (GoI) has, vide its Gazette Notification No. S.O. 2405(E) dated June 17, 2021 notified the HFCs registered under Section 29A(5) of National Housing Bank Act, 1987 and having assets worth ₹100 crore & above, as ‘Financial Institution’ under Section 2(1)(m)(iv) of SARFAESI Act, 2002. In view of revision of the criteria for notification as ‘Financial Institution’ as per the abovementioned Gazette notification of GoI, the criteria prescribed under Para 105 of the aforesaid Master Direction are withdrawn with immediate effect.

3. The [Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12030) is being modified accordingly.

Yours faithfully,

(J.P. Sharma)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12151&Mode=0>

**Safe Deposit Locker/Safe Custody Article Facility provided by the banks - Revised Instructions**

RBI/2021-2022/86  
DOR.LEG.REC/40/09.07.005/2021-22

August 18, 2021

All Scheduled Commercial Banks (including RRBs)  
All Co-operative Banks  
All Small Finance Banks  
All Payments Banks  
All Local Area Banks

Madam/Sir,

**Safe Deposit Locker/Safe Custody Article Facility provided by the banks- Revised Instructions**

Please refer to the extant instructions issued to Regulated Entities (REs) by the Reserve Bank on the above subject. Taking into consideration the various developments in the area of banking and technology, nature of consumer grievances and also the feedback received from banks and Indian Banks’ Association (IBA), Reserve Bank of India (‘the Reserve Bank’) has reviewed the guidelines/instructions issued on the above subject. The review also takes into account, the principles enumerated by the Hon’ble Supreme Court in ‘Amitabha Dasgupta vs United Bank of India’, (Judgment dated February 19, 2021 in CA No. 3966 of 2010).

2. Accordingly, in exercise of the powers conferred by Section 35A and Sections 45ZC to 45ZF of the Banking Regulation Act, 1949, read with Section 56 of the Act ibid and all other provisions of this Act or any other law enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in public interest to do so, hereby issues the detailed revised instructions on the above subject. The revised instructions, attached as [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0#AN_1) to this circular, are issued in supersession of the earlier instructions issued by the Reserve Bank on the subject as listed in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0#AP_1). The banks are advised to frame their own Board approved policy/ operational guidelines in this regard taking into account the revised instructions.

3. The revised instructions shall come into force with effect from January 1, 2022 (except where otherwise specified) and be applicable to both new and existing safe deposit lockers and the safe custody of articles facility with the banks.

Yours faithfully,

(Thomas Mathew)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0>

**Monitoring of Availability of Cash in ATMs**

RBI/2021-22/84  
DCM (RMMT) No.S153/11.01.01/2021-22

August 10, 2021

The Chairman /  
Managing Director & CEO  
All Banks

Dear Sir / Madam,

**Monitoring of Availability of Cash in ATMs**

As you are aware, the Reserve Bank of India has a mandate to issue banknotes and the banks are fulfilling this mandate by dispensing banknotes to the public through their wide network of branches and ATMs. In this connection, a review of downtime of ATMs due to cash-outs was undertaken and it was observed that ATM operations affected by cash-outs lead to non-availability of cash and cause avoidable inconvenience to the members of the public.

2. It has, therefore, been decided that the banks/ White Label ATM Operators (WLAOs) shall strengthen their systems/ mechanisms to monitor availability of cash in ATMs and ensure timely replenishment to avoid cash-outs. Any non-compliance in this regard shall be viewed seriously and shall attract monetary penalty as stipulated in the **“Scheme of Penalty for non-replenishment of ATMs”** in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12144&Mode=0#ANN1). The Scheme shall be effective from October 01, 2021.

Yours faithfully,

(Subrata Das)  
Chief General Manager-in-Charge

Encl: As above

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12144&Mode=0>

**Enhancement of collateral free loans to Self Help Groups (SHGs) under DAY-NRLM from ₹10 lakh to ₹20 Lakh**

RBI/2021-22/83  
FIDD.GSSD.CO.BC.No.09/09.01.003/2021-22

August 9, 2021

The Chairman/ Managing Director/Chief Executive Officer  
Public Sector Banks  
Private Sector Banks  
(including Small Finance Banks)

Madam/Dear Sir,

**Enhancement of collateral free loans to Self Help Groups (SHGs) under DAY-NRLM from ₹10 lakh to ₹20 Lakh**

Please refer to the [Master Circular FIDD.GSSD.CO.BC.No.04/09.01.01/2021-22 dated April 1, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12062), on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM).

2. In this connection, the Government of India, vide their [Gazette Notification S.O. 2668(E) dated July 1, 2021](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CGFMUN01072021.pdf), has notified amendments in the Credit Guarantee Fund for Micro Units (CGFMU) Scheme in paragraph (2) sub-paragraph (xii) of the notification of the Government of India, Ministry of Finance (Department of Financial Services), [number S.O. 1443(E), dated the April 18, 2016](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CGFMUN18042016.pdf), published in the Gazette of India.

3. In view of the above amendment, paragraph 7.4 of [RBI Master Circular FIDD.GSSD.CO.BC.No.04/09.01.01/2021-22 (on DAY-NRLM) dated April 01, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12062) stands modified as under:

7.4 Security and Margin:

7.4.1 For loans to SHGs up to ₹10.00 lakh, no collateral and no margin will be charged. No lien should be marked against savings bank account of SHGs and no deposits should be insisted upon while sanctioning loans.

7.4.2 For loans to SHGs above ₹10 lakh and up to ₹20 lakh, no collateral should be charged and no lien should be marked against savings bank account of SHGs. However, the entire loan (irrespective of the loan outstanding, even if it subsequently goes below ₹10 lakh) would be eligible for coverage under Credit Guarantee Fund for Micro Units (CGFMU).”

4. All other provisions of the Master Circular remain unchanged.

Yours faithfully

(Kaya Tripathi)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12143&Mode=0>

**Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF) - Extension of Relaxation**

RBI/2021-22/82  
DOR.RET.REC.36/12.01.001/2021-22

August 09, 2021

All Scheduled Banks

Madam/Sir

**Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity  
Ratio (SLR) – Marginal Standing Facility (MSF) - Extension of Relaxation**

Please refer to [circular DOR.No.Ret.BC.36/12.01.001/2020-21 dated February 05, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12021&Mode=0), 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 an additional one per cent of their net demand and time liabilities (NDTL), i.e., cumulatively up to three per cent of NDTL. This facility, which was initially available up to June 30, 2020, was later extended in phases up to September 30, 2021, providing comfort to banks on their liquidity requirements and also to enable them to meet their Liquidity Coverage Ratio (LCR) requirements.

2. As announced in the [Statement on Developmental and Regulatory Policies of August 06, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52010), with a view to providing comfort to banks on their liquidity requirements, banks are allowed to continue with the MSF relaxation for a further period of three months, i.e., up to December 31, 2021.

Yours faithfully

(Thomas Mathew)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12142&Mode=0>

**Guidelines for Implementation of the circular on Opening of Current Accounts by Banks**

RBI/2021-22/77  
DOR.CRE.REC.35/21.04.048/2021-22

August 04, 2021

To,

All Scheduled Commercial Banks  
All Payments Banks

Madam / Dear Sir,

**Guidelines for Implementation of the circular on  
Opening of Current Accounts by Banks**

Please refer to [circulars DOR.No.BP.BC/7/21.04.048/2020-21 dated August 6, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11945&Mode=0), [DOR.No.BP.BC.27/21.04.048/2020-21 dated November 2, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11990&Mode=0) and [DOR.No.BP.BC.30/21.04.048/2020-21 dated December 14, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12007&Mode=0) on Opening of Current Accounts by Banks - Need for Discipline.

2. The instructions were issued vide the above circulars in order to enforce credit discipline amongst the borrowers as well as to facilitate better monitoring by the lenders; and for this purpose, a graded approach had been prescribed on opening and operating of current accounts and CC/OD facilities. Banks were required to implement these instructions in a non-disruptive manner while keeping the bonafide business requirements of the borrowers in mind.

The timeline for implementing the notifications as mentioned in circular and resolving the operational issues is till October 31, 2021. For more details, click on the link below

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12137&Mode=0>

**Framework for Outsourcing of Payment and Settlement-related Activities by Payment System Operators**

RBI/2021-22/76  
CO.DPSS.POLC.No.S-384/02.32.001/2021-2022

August 3, 2021

The Chairman / Managing Director / Chief Executive Officer  
All Non-Bank Payment System Operators

Madam / Dear Sir,

**Framework for Outsourcing of Payment and Settlement-related Activities by Payment System Operators**

The Payment System Operators (PSOs), by virtue of services they provide and the construct of models on which they operate, largely outsource their payment and settlement-related activities to various other entities.

2. In order to enable effective management of attendant risks in outsourcing of such activities, it was announced in the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51078) released with the [bi-monthly Monetary Policy Statement 2020-21 on February 05, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51077), that a framework for outsourcing of payment and settlement-related activities by PSOs, will be issued by the Reserve Bank of India. Accordingly, a framework for the same is provided in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12136&Mode=0#AN_1). The PSOs shall ensure that all their outsourcing arrangements, including the existing ones, are in compliance with this framework by March 31, 2022.

3. This framework is 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

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12136&Mode=0>

**Rating of Deposits of HFCs – Approved Credit Rating Agencies and Minimum Investment Grade Credit Rating**

RBI/2021-22/74  
DOR.FIN.REC.No.34/03.10.136/2021-22

July 29, 2021

All deposit taking Housing Finance Companies (HFCs)

Madam/ Dear Sir,

**Rating of Deposits of HFCs – Approved Credit Rating Agencies and Minimum Investment Grade Credit Rating**

A reference is invited to Para 25.2 of [Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12030), wherein the names of five approved credit rating agencies and their minimum investment grade credit rating for the purpose of accepting public deposits have been listed.

2. On a review, it has been decided to align the aforesaid provisions for HFCs with provisions on the subject prescribed for NBFCs which are contained in Para 9 of [Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10563). Accordingly, the names of credit rating agencies and their minimum investment grade ratings for the purpose of accepting public deposits by HFCs are listed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12134&Mode=0#AN_1).

3. The [Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12030) is being modified accordingly.

Yours faithfully,

(J.P. Sharma)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12134&Mode=0>

**Loans and Advances – Regulatory Restrictions**

RBI/2021-22/72  
DOR.CRE.REC.No.33/13.03.00/2021-22

July 23, 2021

All Scheduled Commercial Banks (excluding RRBs)  
All Small Finance Banks  
All Local Area Banks

Madam / Dear Sir,

**Loans and Advances – Regulatory Restrictions**

Please refer to paragraphs 2.2.1.2, 2.2.1.4 and paragraph 2.2.1.5 of [Master Circular on Loans and Advances - Statutory and Other Restrictions dated July 01, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9902).

2. On a review, it has been decided that

i) For personal loans granted to any director of other banks, the threshold of Rupees twenty-five lakh, as mentioned in para 2.2.1.2, stands revised to Rupees five crore.

ii) Paragraph 2.2.1.4 has been revised as under –

Unless sanctioned by the Board of Directors/Management Committee, banks should not grant loans and advances aggregating Rupees five crore and above to -

(a) any relative other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children of their own Chairmen/Managing Directors or other Directors;

(b) any relative other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children of the Chairman/Managing Director or other directors of other banks\*;

(c) any firm in which any of the relatives other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children as mentioned in (a) & (b) above is interested as a partner or guarantor; and

(d) any company in which any of the relatives other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children as mentioned in (a) & (b) above is interested as a major shareholder or as a director or as a guarantor or is in control.

Provided that a relative of a director shall also be deemed to be interested in a company, being the subsidiary or holding company, if he/she is a major shareholder or is in control of the respective holding or subsidiary company.

\*including directors of Scheduled Co-operative Banks, directors of subsidiaries/trustees of mutual funds/venture capital funds.

iii) Paragraph 2.2.1.5 has been revised as under -

The proposals for credit facilities of an amount less than Rupees twenty-five lakh or Rupees five crores (as the case may be) to these borrowers may be sanctioned by the appropriate authority in the financing bank under powers vested in such authority, but the matter should be reported to the Board.

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12132&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>

**Cassette - Swaps in ATMs**

RBI/2021-22/71  
DCM (Plg.) No.S39/10.25.007/2021-22

July 12, 2021

The Chairman / Managing Director & Chief Executive Officer  
All Scheduled Commercial Banks including RRBs  
Urban Co-operative Banks / State Co-operative Banks /  
District Central Co-operative Banks.

Madam / Dear Sir,

**Cassette - Swaps in ATMs**

Please refer to our [circular RBI/2017-18/162/DCM (Plg.) No.3641/10.25.007/2017-18 dated April 12, 2018](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11256&Mode=0) on the captioned subject wherein banks were advised to consider using lockable cassettes in their ATMs which shall be swapped at the time of cash replenishment. The same was advised to be implemented in a phased manner covering at least one third ATMs operated by the banks every year, such that all ATMs achieve cassette swap by March 31, 2021.

2. In this regard, representations have been received from Indian Banks’ Association on behalf of various banks expressing difficulties in meeting this timeline. Accordingly, it has been decided to extend the timeline for implementation of cassette swap in all ATMs till March 31, 2022.

3. Banks shall monitor progress and make the required course correction at the end of every quarter, at the level of Board / ACB and report status within seven days of the end of the quarter, starting from the quarter ended September 2021, to the Chief General Manager-in-Charge, Department of Currency Management, Reserve Bank of India, Central Office, Amar Building, Fourth Floor, Sir P. M. Road, Fort, Mumbai 400 001. The said report should be sent by [e-mail](mailto:dcmtaskforce@rbi.org.in). No hard copy need be sent.

Yours faithfully,

(Subrata Das)  
Chief General Manager-in-Charge

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12130&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>

**New Definition of Micro, Small and Medium Enterprises - Addition of Retail and Wholesale Trade**

RBI/2021-2022/67  
FIDD.MSME & NFS.BC.No.13/06.02.31/2021-22

July 7, 2021

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,

**New Definition of Micro, Small and Medium Enterprises - Addition of Retail and Wholesale Trade**

Please refer to the [circulars FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11934&Mode=0) on ‘Credit flow to Micro, Small and Medium Enterprises Sector’ and [FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21 dated August 21, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11951&Mode=0), on ‘New Definition of Micro, Small and Medium Enterprises- clarifications’.

2. In this connection, Ministry of Micro, Small and Medium Enterprises vide [Office Memorandum (OM) No. 5/2(2)/2021-E/P & G/Policy dated July 2, 2021](https://rbidocs.rbi.org.in/rdocs/content/pdfs/OMTRADER07072021.pdf), has decided to include Retail and Wholesale trade as MSMEs for the limited purpose of Priority Sector Lending and they would be allowed to be registered on Udyam Registration Portal for the following NIC Codes and activities mentioned against them:

|  |  |
| --- | --- |
| 45 | Wholesale and retail trade and repair of motor vehicles and motorcycles |
| 46 | Wholesale trade except of motor vehicles and motorcycles |
| 47 | Retail trade except of motor vehicles and motorcycles |

3. The Enterprises having Udyog Aadhaar Memorandum (UAM) under above three NIC Codes are now allowed to migrate to Udyam Registration Portal or file Udyam Registration afresh.

Yours faithfully

(Kaya Tripathi)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12126&Mode=0>

**Review of Instructions on Interest on overdue domestic deposits**

RBI/2021-22/66  
DoR.SPE.REC.29/13.03.00/2021-2022

July 02, 2021

All Scheduled Commercial Banks (including RRBs)  
All Small Finance Banks  
All Local Area Banks  
All Primary (Urban) Co-operative Banks/ District Central Co-operative Banks/ State Co-operative Banks

Dear Sir / Madam,

**Review of Instructions on Interest on overdue domestic deposits**

Please refer to Section 9 (b) 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), and the [Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10394) in terms of which if a Term Deposit matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings deposits.

2. On a review of these instructions, it has been decided that if a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

3. The relevant section of Master Directions are amended accordingly as indicated in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12125&Mode=0#AN1).

Yours faithfully,

(Thomas Mathew)  
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12125&Mode=0>