**CERTIFIED CREDIT PROFESSIONAL**

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

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

July 25, 2023

All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

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

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

Yours faithfully

(Manoranjan Mishra)  
Chief General Manager

Encl.: as above

For more details, Kindly refer:

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

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

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

August 10, 2023

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

Madam / Dear Sir,

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

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

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

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

Yours faithfully,

(BrijRaj)  
Chief General Manager

For more details, Kindly refer:

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

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

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

August 18, 2023

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

Madam / Dear Sir,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yours faithfully,

(Santosh Kumar Panigrahy)  
Chief General Manager

Encl: As above

For more details, Kindly refer:

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12527&Mode=0>

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

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

August 18, 2023

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

Madam / Dear Sir,

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

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

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

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

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

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

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

Yours faithfully

Santosh Kumar Panigrahy  
(Chief General Manager)

For more details, Kindly refer:

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

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

RBI/2023-24/58  
CO.DPSS.POLC.No.S-567/02-23-001/2023-2024

September 04, 2023

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

Madam / Dear Sir,

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

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

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

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

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

Yours faithfully,

(Gunveer Singh)  
Chief General Manager-in-Charge

For more details, Kindly refer:

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

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

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

September 13, 2023

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

Madam / Dear Sir,

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

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

**Release of Movable / Immovable Property Documents**

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

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

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

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

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

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

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

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

**Applicability**

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

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

Yours faithfully,

(Santosh Kumar Panigrahy)  
Chief General Manager

For more details, Kindly refer:

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

**PM Vishwakarma Scheme**

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

September 13, 2023

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

Madam / Dear Sir,

**PM Vishwakarma Scheme**

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

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

Yours faithfully,

(Nisha Nambiar)  
Chief General Manager

For more details, Kindly refer:

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12536&Mode=0>

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

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

September 20, 2023

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

Dear Sir/ Madam,

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

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

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

3. Further, CICs are advised as under:

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

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

Yours faithfully

(J. P. Sharma)  
Chief General Manager

Encl: Annex I and II

For more details, Kindly refer:

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

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

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

September 21, 2023

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

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

For more details, Kindly refer:

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

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

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

October 26, 2023

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

Dear Sir/ Madam

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yours faithfully,

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

Encl. Annex.

For more details, Kindly refer:

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12553&Mode=0>

**MHP Exemption for Transfer of Receivables**

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

December 28, 2023

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

**MHP Exemption for Transfer of Receivables**

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

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

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

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

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

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, Kindly refer:

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

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

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

December 29, 2023

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

Madam / Dear Sir,

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

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

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

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

Yours faithfully,

(Santosh Kumar Panigrahy)  
Chief General Manager

For more details, Kindly refer:

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12585&Mode=0>

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

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

December 29, 2023

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

Dear Sir / Madam,

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

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

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

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

4. The regulated entities are further advised as follows:

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

Yours faithfully,

(Neena Rohit Jain)  
Chief General Manager

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

For more details, Kindly refer:

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