**Credit Management**

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**Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)**

RBI/2021-22/139
DoS.CO.PPG.SEC.7/11.01.005/2021-22

December 14, 2021

All Deposit Taking NBFCs
[Excluding Government Companies]
All Non-Deposit Taking NBFCs in Middle, Upper and Top Layers[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12208&Mode=0#F1)
[Excluding – (i) NBFCs not accepting/not intending to accept public funds[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12208&Mode=0#F2);
(ii) Government Companies, (iii) Primary Dealers and (iv) Housing Finance Companies]

Dear Sir / Madam,

**Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)**

Reserve Bank of India had introduced a [Prompt Corrective Action Framework (PCA)](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=1014&Mode=0) for Scheduled Commercial Banks in 2002 and the same has been reviewed from time to time based on the experience gained and developments in the banking system. The objective of the PCA Framework is to enable Supervisory intervention at appropriate time and require the Supervised Entity to initiate and implement remedial measures in a timely manner, so as to restore its financial health. The PCA Framework is also intended to act as a tool for effective market discipline. The PCA Framework does not preclude the Reserve Bank of India from taking any other action as it deems fit at any time in addition to the corrective actions prescribed in the Framework.

2. NBFCs have been growing in size and have substantial interconnectedness with other segments of the financial system. Accordingly, it has now been decided to put in place a PCA Framework for NBFCs to further strengthen the supervisory tools applicable to NBFCs. The PCA Framework for NBFCs, as contained in the enclosed [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12208&Mode=0#AN), comes into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022.

3. In terms of extant regulations, Government NBFCs have been provided time upto March 31, 2022 to adhere to the capital adequacy norms provided for NBFCs (Ref. Annex I of [Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586)). Accordingly, a separate circular would be issued in due course with regard to applicability of PCA Framework to Government NBFCs.

4. The PCA Framework will be reviewed after three years of being in operation.

Yours faithfully,

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

Enclosure: PCA Framework for NBFCs

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12208&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>

**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>

**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>

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

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

November 02, 2021

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

Madam/ Dear Sir,

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

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

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

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

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

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

Yours faithfully

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

Enclosure: PCA Framework for Scheduled Commercial Banks

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

**Master 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>

**Data Format for Furnishing of Credit Information to Credit Information Companies**

RBI/2021-22/111
DoR.FIN.REC.59/20.16.056/2021-22

October 14, 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-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI)
All Non-Banking Financial Companies (including Housing Finance Companies)
All Credit Information Companies

Madam/Dear Sir,

**Data Format for Furnishing of Credit Information to 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 Uniform Credit Reporting Format for reporting credit information to the Credit Information Companies (CICs). The Uniform Credit Reporting Format has two Annexes, Annex-I contains two formats for credit reporting, viz., Consumer Bureau and Commercial Bureau, whereas Annex-II contains credit reporting format for Micro Finance Institution (MFI) segment.

2. The Relationship Segment (RS) in the Commercial Bureau format inter alia captures information on relationship fields of the corporates, viz., business category and type of relationship (i.e. contains information on directors, shareholders, proprietors, partners, trustees, holding companies, subsidiary companies and associated companies related to the borrower). It is observed that there is a low level of RS details in the databases of CICs.

3. The RS details are very important in establishing cross-linkages across the three modules, viz., Consumer, Commercial and MFI Bureaus, while providing comprehensive credit information of a borrower to Credit Institutions (CIs) by CICs. Accordingly, it has now been decided that the reporting of RS data by CIs to CICs would henceforth be mandatory. In order to ensure implementation in a non-disruptive manner, the reporting requirement may be staggered in the manner indicated below.

(i) The reporting would be mandatory in respect of new loan accounts opened after July 1, 2022.

(ii) A phased approach shall be followed for reporting of legacy data as detailed below:

1. The accounts opened during the period (July 1, 2021 to June 30, 2022) have to be updated by January 1, 2023.
2. The accounts opened in past three years (July 1, 2018 to June 30, 2021) have to be updated by July 1, 2023.
3. A timeline for reporting of the remainder legacy data would be reviewed by the Technical Working Group and the CIs would be advised in due course.

4. The CIs are advised to commence reporting the aforesaid information as per the prescribed timelines to CICs.

Yours faithfully

(Sunil T S Nair)
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12178&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>

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

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

September 24, 2021

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

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

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

2. Based on the examination of the comments received, the Reserve Bank has issued the Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021, which are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12165&Mode=0#ANC1). These directions have been issued in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934; and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987.

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

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

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

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

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

September 09, 2021

All Scheduled Commercial Banks
(Excluding Regional Rural Banks)

Dear Sir/Madam,

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

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

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

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

More details can be referred to in the below link

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

**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>

**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>

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

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

August 06, 2021

All Banks

Madam / Dear Sir,

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

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

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

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

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

**Resolution Framework for COVID-19-related Stress – Financial Parameters – Revised timelines for compliance**

RBI/2021-22/80
DOR.STR.REC.38/21.04.048/2021-22

August 6, 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)

Madam / Dear Sir,

**Resolution Framework for COVID-19-related Stress – Financial Parameters – Revised timelines for compliance**

Please refer to the [circular DOR.No.BP.BC/13/21.04.048/2020-21 dated September 7, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11961&Mode=0) inter alia advising the key ratios and their sector specific thresholds to be considered by lending institutions while finalising the resolution plans in respect of eligible borrowers under Part B of the Annex to the [Resolution Framework for Covid-19 related stress issued on August 6, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11941&Mode=0).

2. The key ratios consisted of four operational ratios, viz., Total Debt / EBITDA, Current Ratio, Debt Service Coverage Ratio (DSCR) and Average Debt Service Coverage Ratio (ADSCR), along with the ratio Total Outside Liabilities / Adjusted Tangible Net Worth (TOL/ATNW) representing the debt-equity mix of the borrower post implementation of the resolution plan.

3. In view of the resurgence of the Covid-19 pandemic in 2021 and recognising the difficulties it may pose for the borrowers in meeting the operational parameters, it has been decided to defer the target date for meeting the specified thresholds in respect of the four operational parameters, viz. Total Debt / EBIDTA, Current Ratio, DSCR and ADSCR, to October 1, 2022.

4. The target date for achieving the ratio TOL/ATNW, as crystallised in terms of the resolution plan, shall remain unchanged as March 31, 2022.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12140&Mode=0>

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

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

August 6, 2021

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

Dear Sir / Madam,

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

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

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

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

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

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

**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>

**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>

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

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

July 1, 2021

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

Dear Sir / Madam,

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

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

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

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

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

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