**ADVANCED BANK MANAGEMENT**

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

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

**January 16, 2023**

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

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

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

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

More details can be referred to in the below link.

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

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

**January 16, 2023**

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

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

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

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

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

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

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

**Information to be provided for continuous monitoring**

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

More details can be referred to in the below link.

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

**Governance, measurement and management of Interest Rate Risk in Banking Book**

RBI/2022-23/180
DOR.MRG.REC.102/00-00-009/2022-23

February 17, 2023

Madam / Sir,

**Governance, measurement and management of Interest Rate Risk in Banking Book**

Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to banks’ capital and earnings arising from adverse movements in interest rates that affect its banking book positions. Excessive IRRBB can pose a significant risk to banks’ current capital base and/or future earnings. These guidelines, accordingly, require banks to measure, monitor, and disclose their exposure to IRRBB.

2. The final guidelines on Interest Rate Risk in Banking Book (IRRBB), in alignment with the revised framework issued by the Basel Committee on Banking Supervision (BCBS), are enclosed in [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12456&Mode=0#AS).

**3. Commencement**

(a) The date for implementation will be communicated in due course. Banks are advised to be in preparedness for measuring, monitoring, and disclosing their exposure to interest rate risk in the banking book in terms of this circular.

(b) Ahead of the implementation, banks shall submit the disclosures stipulated in Table B of [Appendix-3](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GMMIRRAPP_3.pdf) to the Department of Regulation, Reserve Bank of India (by e-mail: mrgdor@rbi.org.in) within two months from the end of the respective quarter, as per following schedule:

|  |  |  |
| --- | --- | --- |
| **Entities** | **Frequency** | **Return to be submitted from the quarter ended** |
| D-SIBs | Quarterly | March 2023 |
| Other Banks | Quarterly | June 2023 |

4. It may be noted that the extant instructions on interest rate risk management issued vide [circular DBOD.No.BP.BC.8/21.04.098/99 dated February 10, 1999](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=3805&Mode=0) on ‘Asset Liability Management (ALM) system’ which require banks to undertake Traditional Gap Analysis and [circular DBOD.No.BP.BC.59/21.04.098/2010-11 dated November 04, 2010](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=6081&Mode=0) on ‘Guidelines on Banks’ Asset Liability Management Framework - Interest Rate Risk’ which require banks to undertake Duration Gap Analysis, shall be phased out post implementation of these guidelines, the details of which shall be advised in due course.

**Applicability**

5. This circular is applicable to all commercial banks (other than Regional Rural Banks, Small Finance Banks, Payments Banks and Local Area Banks).

(Usha Janakiraman)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12456&Mode=0>

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

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

April 01, 2023

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

Madam/ Dear Sir,

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

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

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

Encl: As above

More details can be referred to in the below link.

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

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

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

April 01, 2023

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

Madam / Dear Sir,

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

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

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

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

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

RBI/2023-24/05
DoR.STR.REC.4/09.27.000/2023-24

April 1, 2023

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

Dear Sir / Madam,

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

Please refer to our [Master Circular DoR.STR.REC.9/09.27.000/2022-23 dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12272) on the captioned subject (available at RBI website <https://rbi.org.in/>). The enclosed [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12469&Mode=0#MC1) consolidates and updates all the instructions / guidelines on the subject issued up to March 31, 2023 as listed in the [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12469&Mode=0#AN1).

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12469&Mode=0>

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

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

April 01, 2023

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

Madam/ Dear Sir

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

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

Yours faithfully

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

More details can be referred to in the below link.

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

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

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

April 1, 2023

All Scheduled Commercial Banks
(excluding Payments Banks and RRBs)

Dear Sir / Madam

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

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

Yours faithfully

Manoranjan Mishra
Chief General Manager

More details can be referred to in the below link.

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

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

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

April 1, 2023

All Commercial Banks (excluding RRBs)

Madam/Dear Sir

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

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

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

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Encl.: As above

More details can be referred to in the below link.

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

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

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

April 03, 2023

All Scheduled Commercial Banks (excluding RRBs)

Madam/ Dear Sir,

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

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

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

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

**Master Circular - Asset Reconstruction Companies**

RBI/2023-24/12
DOR.SIG.FIN.REC 8/26.03.001/2023-24

April 03, 2023

All Asset Reconstruction Companies

Dear Sir/Madam,

**Master Circular - Asset Reconstruction Companies**

In order to have all current instructions/ guidelines on the subject at one place, the Reserve Bank of India issues updated [circulars/ guidelines](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12484&Mode=0#MC1). The instructions contained in The Asset Reconstruction Companies (Reserve Bank) Guidelines and Directions, 2003 (vide [Notification No. DNBS.2/CGM(CSM)-2003, dated April 23, 2003](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=1145&Mode=0)) together with [Guidance Notes](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12484&Mode=0#GuidanceNotes) updated as on March 31, 2023 are reproduced below.

Yours faithfully,

(J P Sharma)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12484&Mode=0>

**Framework for acceptance of Green Deposits**

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

April 11, 2023

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

Madam/Dear Sir,

**Framework for acceptance of Green Deposits**

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

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

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

Yours faithfully,

(Sunil T. S. Nair)
Chief General Manager

More details can be referred to in the below link.

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

**Provisioning for standard assets by primary (Urban) co-operative banks – revised norms under four-tiered regulatory framework**

RBI/2023-24/18
DOR.STR.REC.12/21.04.048/2023-24

April 24, 2023

All Primary (Urban) Co-operative Banks,

Madam / Dear Sir,

**Provisioning for standard assets by primary (Urban) co-operative banks – revised norms under four-tiered regulatory framework**

Please refer to [circular DOR.REG.No.84/07.01.000/2022-23 dated December 01, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12416&Mode=0), in terms of which Urban Co-operative Banks (UCBs) have been categorized into four Tiers namely Tier 1, Tier 2, Tier 3 and Tier 4 for regulatory purposes.

2. The current standard assets provisioning norms for UCBs, consolidated in the [Master Circular DOR.STR.REC.5/21.04.048/2022-23 dated April 01, 2022](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12283), are based on the earlier categorization of UCBs into Tier I and Tier II as defined in para 4 of [circular UBD.CO.LS.Cir.No.66/07.01.000/2008-09 dated May 06, 2009](https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=4970&Mode=0), as given below:

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Category of Standard Asset** | **Rate of Provisioning** |
| **Tier II** | **Tier I** |
| (a) | Direct advances to Agriculture and SME sectors | 0.25% | 0.25% |
| (b) | Commercial Real Estate (CRE) sector | 1.00% | 1.00% |
| (c) | Commercial Real Estate-Residential Housing Sector (CRE-RH) | 0.75% | 0.75% |
| (d) | All other loans and advances not included above | 0.40% | 0.25% |

3. On a review, it has been decided to harmonise the provisioning norms for standard assets applicable to all categories of UCBs, irrespective of their Tier in the revised framework.

4. Accordingly, the standard asset provisioning norms applicable to Tier I, Tier 2, Tier 3 and Tier 4 UCBs under the revised framework shall be as under:

1. Direct advances to agriculture and SME sectors which are standard, shall attract a uniform provisioning requirement of 0.25 percent of the funded outstanding on a portfolio basis.
2. Advances to commercial real estate (CRE) sector which are standard shall attract a uniform provisioning requirement of 1.00 percent of the funded outstanding on a portfolio basis.
3. For advances to commercial real estate - residential housing (CRE-RH) sector, which are standard, the provisioning requirement shall be 0.75 percent
4. For all other advances, banks shall maintain a uniform general standard asset provision of a minimum of 0.40 percent of the funded outstanding on a portfolio basis.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12491&Mode=0>

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

RBI/2023-24/26
DOR.STR.REC.14/21.04.048/2023-24

May 08, 2023

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 DOR.STR.REC.5/21.04.048/2022-23 dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12283) on the captioned subject. The enclosed [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12499&Mode=0#MC) consolidates and updates all the instructions / guidelines on the subject issued till date as listed in the [Annex 9](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12499&Mode=0#AN9).

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Encl: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12499&Mode=0>

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

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

May 09, 2023

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

Dear Sir / Madam

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

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

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

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

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

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

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

Yours faithfully

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

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

**LIBOR Transition**

RBI/2023-24/30
CO.FMRD.DIRD.01/14.02.001/2023-24

May 12, 2023

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

**LIBOR Transition**

Attention of banks/financial institutions (FIs) is drawn to the Reserve Bank advisory on [“Roadmap for LIBOR Transition” dated July 08, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12128&Mode=0) wherein banks/FIs, inter-alia, were (i) encouraged to cease, and also encourage their customers to cease, entering into new financial contracts that reference London Interbank Offered Rate (LIBOR) as a benchmark and instead use any widely accepted Alternative Reference Rate (ARR), as soon as practicable and in any case by December 31, 2021 and (ii) urged to incorporate robust fallback clauses in all financial contracts that reference LIBOR and the maturity of which was after the announced cessation date of the LIBOR settings.

2. With the concerted efforts of banks/FIs as well as industry associations like the Indian Banks’ Association, a smooth transition with respect to LIBOR settings that have ceased to be published/become non-representative after December 31, 2021 has been achieved. The transition away from LIBOR was also facilitated by the continuing publication of US$ LIBOR settings in five tenors which provided a longer transition period particularly for the insertion of the fallback clauses in legacy financial contracts that reference LIBOR. New transactions are now predominantly undertaken using ARRs such as the Secured Overnight Financing Rate (SOFR) and the Modified Mumbai Interbank Forward Outright Rate (MMIFOR). At the same time, there have been instances of a few US$ LIBOR linked financial contracts undertaken/facilitated by banks/FIs after January 1, 2022. Also, while banks have reported that substantial progress has been made towards insertion of fallback clauses, the process is yet to be completed for all contracts where such fallbacks are required to be inserted.

3. After June 30, 2023, the publication of the remaining five US$ LIBOR settings will cease permanently. While certain synthetic LIBOR settings will continue to be published after June 30, 2023, the Financial Conduct Authority (FCA), UK, which regulates the LIBOR, has made it clear that these settings are not meant to be used in new financial contracts. The MIFOR, a domestic interest rate benchmark reliant on US$ LIBOR, will also cease to be published by Financial Benchmarks India Pvt. Ltd. (FBIL) after June 30, 2023.

Yours sincerely,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12503&Mode=0>

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

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

June 08, 2023

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

Madam/Dear Sir,

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

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

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

3. These instructions on operationalising the framework have been issued in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949 read with Section 56 of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934 and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987. They shall come into force with immediate effect and REs shall take necessary steps to ensure compliance with these instructions.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

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

**Priority Sector Lending (PSL) targets / sub-targets and contribution against shortfall in achievement of PSL targets – Primary (Urban) Co-operative Banks (UCBs) - Extension of time**

RBI/2023-24/42
DOR.CRE.REC.18/07.10.002/2023-24

June 8, 2023

Primary (Urban) Co-operative Banks other than Salary Earners’ Banks

Madam / Dear Sir,

**Priority Sector Lending (PSL) targets / sub-targets and contribution against shortfall in achievement of PSL targets – Primary (Urban) Co-operative Banks (UCBs) - Extension of time**

Please refer to para 3 of the [circular DOR (PCB).BPD.Cir No.10/13.05.000/2019-201 dated March 13, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11819&Mode=0), and para 5 of [Master Direction on Priority Sector Lending (PSL) - Targets and Classification dated September 4, 2020](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959), in terms of which, a glide path for achieving overall PSL target and sub-target for advances to weaker sections was prescribed till March 31, 2024.

2. As announced in the Statement on Developmental and Regulatory Policies ([para no. 4 Annexed](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0#ANNN)), in order to address implementational challenges faced by the UCBs and to make the transition non-disruptive, it has been decided to extend the glide path for these PSL targets by an additional period of two years as under:

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial Year ended** | **March 31, 2024** | **March 31, 2025** | **March 31, 2026** |
| Overall PSL Target@ | 60% of ANBC[2](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0#F2) orCEOBSE[3](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0#F3),whichever is higher | 65% of ANBC orCEOBSE,whichever is higher | 75% of ANBC orCEOBSE,whichever is higher |
| Sub-target for advances to weaker sections#,[4](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0#F4) | 11.50% of ANBC orCEOBSE,whichever is higher | 11.75% of ANBC or CEOBSE,whichever is higher | 12.00% of ANBCor CEOBSE,whichever is higher |
| @ The targets for March 31, 2023 (at 60 %) shall continue till March 31, 2024.# The sub-target set for March 31, 2023 (at 11.50%) shall continue till March 31, 2024. |

3. In terms of para 28 of [Master Direction on Priority Sector Lending (PSL) - Targets and Classification dated September 4, 2020](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959) and para 2 of the [circular DOR (PCB).BPD.Cir.No.12/09.09.002/2019-205 dated April 24, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11879&Mode=0), all UCBs (excluding those under all-inclusive directions), were advised to contribute to Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD / NHB / SIDBI / MUDRA Ltd., against their PSL shortfall vis-à-vis the prescribed target/ sub-targets, with effect from March 31, 2021.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0>