**ACCOUNTING AND FINANCIAL MANAGEMENT FOR BANKERS**

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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>

**Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems**

RBI/2022-23/178
CO.DPSS.RPPD.No.S1931/04-03-001/2022-23

February 16, 2023

The Chairman / Managing Director / Chief Executive Officer
of member banks participating in NEFT and RTGS Systems

Madam / Dear Sir,

**Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems**

Under the FCRA, 2010 (amended as on September 28, 2020), foreign contributions must be received only in the “FCRA account” of State Bank of India (SBI), New Delhi Main Branch (NDMB). The contributions to the FCRA account are received directly from foreign banks through SWIFT and from Indian intermediary banks through NEFT and RTGS systems.

2. In terms of extant requirements of Ministry of Home Affairs (MHA), Government of India, the donor details such as name, address, country of origin, amount, currency, and purpose of remittance are required to be captured in such transactions and SBI is required to report the same to MHA on daily basis.

3. Keeping in view the above, necessary changes have been introduced in NEFT and RTGS systems, technical details of which are provided in [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12454&Mode=0#AN1). Member banks are advised to incorporate necessary changes in their core banking / middleware solutions to capture the requisite details while forwarding the foreign donations through NEFT and RTGS systems to SBI. The instructions will be effective from March 15, 2023.

4. These instructions are issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(P Vasudevan)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12454&Mode=0>

**Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 – Disclosures for State Co-operative Banks and Central Co-operative Banks**

RBI/2022-23/181
DOR.ACC.REC.No.103/21.04.018/2022-23

February 20, 2023

Madam / Dear Sir,

**Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 – Disclosures for State Co-operative Banks and Central Co-operative Banks**

The [Reserve Bank of India (Financial Statements-Presentation and Disclosures) Directions, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12158) (‘Master Direction’) are applicable to Commercial Banks and Primary Urban Co-operative Banks (UCBs). They harmonize the regulatory instructions on presentation and disclosure in financial statements across the banking sector.

2. In consultation with the National Bank for Agriculture and Rural Development (NABARD), it has now been decided to make this Master Direction also applicable to State Cooperative Banks and Central Cooperative Banks (also referred to as ‘District Central Co-operative Banks’).

3. The Master Direction shall apply to State and Central Cooperative Banks (together referred to as ‘Rural Co-operative Banks’ or ‘RCBs’) mutatis mutandis, unless explicitly specified otherwise, from the financial year ending March 31, 2023. Certain disclosure requirements specified in Annex III-A shall be applicable, to RCBs, from the financial year ending March 31, 2024.

4. The [Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12158) stands updated to reflect these changes.

Yours faithfully,

(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=12457&Mode=0>

**Implementation of Indian Accounting Standards (Ind AS)**

RBI/2022-23/182
DOR.ACC.REC.No.104/21.07.001/2022-23

February 20, 2023

Dear Sir/ Madam,

**Implementation of Indian Accounting Standards (Ind AS)**

Please refer to [circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11818&Mode=0) on the captioned subject read with paragraph 13 (iii) of [Master Circular DOR.SIG.FIN.REC 1/26.03.001/2022-23 dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12267) on Asset Reconstruction Companies.

2. It has been observed that consequent to the implementation of Ind AS, some Asset Reconstruction Companies (ARCs) have been recognising management fees even though the said fee had not been realised for more than 180 days.

3. To address the prudential concerns arising from continued recognition of unrealised income, it has been decided that ARCs preparing their financial statements as per Ind AS, shall reduce the following amounts from their net owned funds while calculating the Capital Adequacy Ratio and the amount available for payment of dividend:

1. Management fee recognised during the planning period[1](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12458&Mode=0#F1) that remains unrealised beyond 180 days from the date of expiry of the planning period.
2. Management fee recognised after the expiry of the planning period that remains unrealised beyond 180 days of such recognition.
3. Any unrealised management fees, notwithstanding the period for which it has remained unrealised, where the net asset value of the Security Receipts has fallen below 50 per cent of the face value.

The amount reduced from net owned funds and amount available for payment of dividend shall be net of any specific expected credit loss allowances held on unrealised management fee referred to in sub-paragraphs (a), (b) and (c) and the tax implications thereon, if any.

4. The Audit Committee of the Board (ACB) shall review the extent of unrealised management fee and satisfy itself on the recoverability of the same while finalising the financial statements. It shall be ensured that the management fee is computed strictly in accordance with extant regulations.

Yours faithfully,

(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=12458&Mode=0>

**Agency Commission for collection of indirect taxes through ICEGATE payment gateway**

RBI/2023-24/43
CO.DGBA.GBD.No.S295/31-12-010/2023-2024

June 14, 2023

All Agency banks

Madam / Dear Sir

**Agency Commission for collection of indirect taxes through ICEGATE payment gateway**

Please refer to Para 21 of our [Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12474) related to claiming of agency commission.

2. Since certain transactions related to collection of indirect taxes through ICEGATE (CEP) payment gateway are now being reported by agency banks to Mumbai Regional Office (MRO), RBI with effect from April 01, 2023, it has been decided to modify paragraph 21 of the aforesaid Master Circular. The modified paragraph 21 will read as follows:

“Agency banks are required to submit their claims for agency commission in the prescribed format to CAS Nagpur in respect of Central government transactions and the respective Regional Office of Reserve Bank of India for State government transactions. However, agency commission claims pertaining to GST receipt transactions, transactions  related to direct tax collection under TIN 2.0 regime, and transactions pertaining to collection of indirect taxes through ICEGATE payment gateway reported to Mumbai Regional Office, RBI will be settled at Mumbai Regional Office of Reserve Bank of India only and accordingly all agency banks, authorized to collect GST, direct tax collection under TIN 2.0 and indirect taxes through ICEGATE payment gateway, are advised to submit their agency commission claims pertaining to the respective receipt transactions at Mumbai Regional Office only. The agency commission claim for Central Government transactions reported to CAS, Nagpur, RBI will be continued to be settled at CAS, Nagpur, RBI. The formats for claiming agency commission for all agency banks and separate and distinctive set of certificates to be signed by the branch officials and Chartered Accountants or Cost Accountants are given in Annex 2, Annex 2A and Annex 2B respectively. These certificates would be in addition to the usual Certificate from ED / CGM (in charge of government business) to the effect that there are no pension arrears to be credited / delays in crediting regular pension / arrears thereof.”

3. All other instructions of the said Master Circular remain unchanged.

Yours faithfully

(Indranil Chakraborty)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12516&Mode=0>