**BANK FINANCIAL MANAGEMENT**

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| --- | --- |
| **Sr. No.** | **RBI Notifications** |
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**Foreign Investment in India - Rationalisation of reporting in Single Master Form (SMF) on FIRMS Portal**

RBI/2022-23/160

A.P. (DIR Series) Circular No. 22

January 04, 2023

To

All Category-I Authorised Dealer Banks

Madam / Sir

**Foreign Investment in India - Rationalisation of reporting in Single Master Form (SMF) on FIRMS Portal**

Attention of Authorised Dealer Category-I banks (AD banks) is invited to A.P. (DIR Series) Circular No. 30 dated June 07, 2018.

2. It is advised that the following changes are being implemented with respect to the reporting of foreign investment in SMF on FIRMS portal:

i) The forms submitted on the portal will be auto-acknowledged. The AD banks shall verify the same within five working days based on the uploaded documents, as specified.

ii) In cases of delayed reporting, the AD banks shall either advise the Late Submission Fee (LSF) to the applicants, which will be computed by the system or advise for compounding of contravention, as the case may be.

The salient features of the changes made in the system are given in Annex for ready reference. For detailed guidelines, the FIRMS manual available at <https://firms.rbi.org.in> may be referred to, and the version of manual available at the portal will have the finality in case of any mismatch.

3. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully

(N. Senthil Kumar)

General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12433&Mode=0>

**Basel III Capital Regulations - Eligible Credit Rating Agencies**

RBI/2022-23/162  
DOR.STR.REC.94/21.06.008/2022-23

January 09, 2023

All Scheduled Commercial Banks  
(including Small Finance Banks)  
(excluding Local Area Banks, Payments Banks and Regional Rural Banks)

Dear Sir/ Madam,

**Basel III Capital Regulations - Eligible Credit Rating Agencies**

Please refer to paragraph 6.1.2 of the [Master Circular DOR.CAP.REC.3/21.06.201/2022-23 dated April 01, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12278) on Basel III Capital Regulations, wherein the list of domestic credit rating agencies accredited for the purpose of risk weighting banks' claims for capital adequacy purposes has been prescribed.

2. On a review, banks are advised to use the ratings of the following domestic credit rating agencies (arranged in alphabetical order) for risk weighting their claims for capital adequacy purposes:

1. Acuite Ratings & Research Limited (Acuite)
2. Credit Analysis and Research Limited (CARE);
3. CRISIL Ratings Limited;
4. ICRA Limited;
5. India Ratings and Research Private Limited (India Ratings); and
6. INFOMERICS Valuation and Rating Pvt Ltd. (INFOMERICS)

3. A reference is also invited to the [Press Release: 2022-2023/1033 dated October 12, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54531) in terms of which, Regulated Entities/ Market Participants were advised that in respect of ratings/credit evaluations required in terms of any guidelines issued by the Reserve Bank, no such fresh ratings/evaluations shall be obtained from Brickwork Ratings India Private Limited. Banks shall continue to be guided by the press release ibid till further review.

4. All other provisions regarding external credit ratings stipulated in the Master Circular ibid remain unchanged.

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=12435&Mode=0>

**Operational Risk Management: Price / Yield range setting in e-Kuber**

RBI/2022-23/163  
IDMD.No.S2800/08.02.032/2022-23

January 11, 2023

All participants in the Government Securities Market

Dear Sir / Madam

**Operational Risk Management: Price / Yield range setting in e-Kuber**

Please refer to our [circular IDMD/1615/08.02.032/2019-20 dated December 12, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11753&Mode=0) advising the participants in the Government Securities (G-Sec) market about the “Price / Yield range setting” facility provided on the e-Kuber platform as a risk management measure. The facility allows a market participant to define a range i.e., a maximum and a minimum value for bids they intend to submit in an auction. The range can be set in either price or yield terms, for each security in every auction, which can be set before the auction and can also be modified during the auction. Once the limits are set by the participating entity, the bids in the auction are automatically validated against the set limits. This is expected to eliminate instances of Fat-finger / Big-figure error by the bidders in the G-Sec auctions.

2. As there have been a few instances of Fat-finger / Big-figure error by the bidders in the G-Sec auctions conducted by Reserve Bank, it suggests that some of the market participants are yet to put in place the “Price / Yield range setting” facility in their system.

3. All the market participants are, therefore, advised to utilize the “Price / Yield range setting” facility provided on the e-Kuber platform before placing bids in the Primary Market auctions. It may be noted that no request for cancellation of bids will be entertained after the close of auction window.

Yours faithfully

(S Venkataraman)  
General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12436&Mode=0>

**‘Fully Accessible Route’ for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds**

RBI/2022-23/169  
FMRD.FMID.No.07/14.01.006/2022-23

January 23, 2023

To

All participants in Government Securities market

Madam/Sir,

**‘Fully Accessible Route’ for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds**

A reference is invited to the [Press Release on Issuance Calendar for Marketable Sovereign Green Bonds: FY 2022-23 dated January 06, 2023](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55004), issued by the Reserve Bank, notifying the issuance calendar for Sovereign Green Bonds for the fiscal year 2022-23. Attention is also invited to the Fully Accessible Route (FAR) introduced by the Reserve Bank, vide [A.P. (DIR Series) Circular No. 25 dated March 30, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0), wherein certain specified categories of Central Government securities were opened fully for non-resident investors without any restrictions, apart from being available to domestic investors as well.

2. The Government Securities that were eligible for investment under the FAR (‘specified securities’) were notified by the Bank, vide [circular no. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11850&Mode=0) and [circular no. FMRD.FMID.No.04/14.01.006/2022-23 dated July 07, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12354&Mode=0).

3. It has now been decided to also designate all Sovereign Green Bonds issued by the Government in the fiscal year 2022-23 as ‘specified securities’ under the FAR.

4. The Directions contained in this circular have been issued under Section 45W of Chapter IIID of the Reserve Bank of India Act, 1934 and are without prejudice to permissions/ approvals, if any, required under any other law.

5. These Directions shall be applicable with immediate effect.

Yours faithfully,

(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=12444&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](mailto: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>

**Revised Regulatory Framework for Urban Co-operative Banks (UCBs) – Net Worth and Capital Adequacy**

RBI/2022-23/189  
DOR.CAP.REC. No.109/09.18.201/2022-23

March 28, 2023

Dear Sir/ Madam,

**Revised Regulatory Framework for Urban Co-operative Banks (UCBs) – Net Worth and Capital Adequacy**

Please refer to para 7 of the [circular DOR.CAP.REC.No.86/09.18.201/2022-23 dated December 01, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12418&Mode=0) on ‘Revised Regulatory Framework for Urban Co-operative Banks (UCBs) – Net Worth and Capital Adequacy.

2. It has been decided that the instructions shall come into effect from March 31, 2023.

3. All other instructions of the circular ibid remain unchanged.

Yours faithfully,

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

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12465&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 Direction – Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Primary (Urban) Co-operative Banks) Directions, 2023**

RBI/2023-24/96  
DOR.MRG.REC.01/00-00-011/2023-24

April 1, 2023

All Primary (Urban) Co-operative Banks

Madam / Sir,

**Master Direction – Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Primary (Urban) Co-operative Banks) Directions, 2023**

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 Primary (Urban) Co-operative Banks (UCBs).

2. To enable UCBs to have current instructions at one place, a [Master Direction](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12473&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 read with Section 56 thereof, and of all the powers enabling it in this behalf.

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=12473&Mode=0>

**Master Circular- Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)**

RBI/2023-24/17  
DOR.CAP.REC.11/09.18.201/2023-24

April 20, 2023

All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

**Master Circular - Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)**

Please refer to our [Master Circular DOR.CAP.REC.2/09.18.201/2022-23 dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12279) on the captioned subject.

2. The enclosed [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12490&Mode=0#MC) consolidates and updates all the instructions / guidelines on the subject issued up to April 19, 2023 as listed in the [Appendix](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12490&Mode=0#APP).

Yours faithfully

(Usha Janakiraman)  
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=12490&Mode=0>

**Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)**

RBI/2023-24/21  
A.P. (DIR Series) Circular No.03

April 26, 2023

To

All Category-I Authorised Dealer Banks

Madam / Sir

**Remittances to International Financial Services Centres (IFSCs)  
under the Liberalised Remittance Scheme (LRS)**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. (DIR Series) Circular No. 11 dated February 16, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12029&Mode=0), on “Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)” and [Master Direction No. 7/2015-16 on Liberalised Remittance Scheme (LRS)](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10192) as amended from time to time.

2. On a review and with an objective to align the LRS for IFSCs set up under the International Financial Services Centres Authority Act, 2019 vis-à-vis other foreign jurisdictions, it has been decided to amend the directions under para 2 (ii) of the aforementioned [A.P. (DIR Series) Circular dated February 16, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12029&Mode=0), as – “Resident Individuals may also open a Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS.” Thus, the condition of repatriating any funds lying idle in the account for a period up to 15 days from the date of its receipt is withdrawn with immediate effect, which shall now be governed by the provisions of the scheme as contained in the aforesaid Master Direction on LRS.

3. The Master Direction No. 7 is being updated to reflect these changes.

4. AD Category - I banks should bring the contents of this circular to the notice of their constituents and customers.

5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Ajay Kumar Misra)  
Chief General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12494&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>

**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>

**Master Circular – Basel III Capital Regulations**

RBI/2023-24/31  
DOR.CAP.REC.15/21.06.201/2023-24

May 12, 2023

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

Madam / Dear Sir,

**Master Circular – Basel III Capital Regulations**

Please refer to the [Master Circular No. DOR.CAP.REC.3/21.06.201/2022-23 dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12278), consolidating therein the prudential guidelines on Basel III capital adequacy issued to banks till that date.

2. The instructions contained in the aforesaid [Master Circular](https://rbidocs.rbi.org.in/rdocs/content/pdfs/31MC12052023_A.pdf) have been suitably updated / amended by incorporating relevant guidelines, issued as on date. A list of circulars consolidated in this Master Circular is contained in Annex 26.

3. Small Finance Banks and Payments Banks may refer to their respective licensing guidelines and operating guidelines issued by Reserve Bank, for prudential guidelines on capital adequacy.

Yours faithfully,

(Usha Janakiraman)  
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=12504&Mode=0>

**Risk Management and Inter-Bank Dealings - Non-deliverable derivative contracts (NDDCs)**

RBI/2023-24/36  
A. P. (DIR Series) Circular No. 05

June 06, 2023

All Authorised Dealer Category – I Banks

Madam / Sir,

**Risk Management and Inter-Bank Dealings - Non-deliverable derivative contracts (NDDCs)**

Please refer to Paragraph 1 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473) announced as a part of the [first Bi-monthly Monetary Policy Statement for 2023-24 dated April 06, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55472) regarding development of the onshore non-deliverable derivative market. Attention of Authorised Dealers Category – I (AD Cat-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA.25/RB-2000 dated May 3, 2000](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=179&Mode=0)), as amended from time to time, and [Master Direction – Risk Management and Inter-Bank Dealings dated July 5, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time.

2. As per the extant regulatory framework, AD Cat-I banks operating International Financial Services Centre (IFSC) Banking Units (IBUs) are permitted to offer non-deliverable derivative contracts (NDDCs) to persons resident outside India. Such derivatives are cash-settled in foreign currency. With a view to developing the onshore INR NDDC market and providing residents the flexibility to efficiently design their hedging programmes, it has been decided to permit:

(a) AD Cat-I banks operating IBUs to offer NDDCs involving INR to resident non-retail users for the purpose of hedging. Such transactions shall be cash settled in INR; and

(b) The flexibility of cash settlement of NDDCs transactions between two AD Cat-I banks, and between an AD Cat-I bank and a person resident outside India in INR or any foreign currency.

3. Accordingly, the amendments being made to the [Master Direction – Risk Management and Inter-Bank Dealings dated July 5, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time, are placed at [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12509&Mode=0#AS) herewith.

4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(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=12509&Mode=0>

**Expanding the Scope of Trade Receivables Discounting System**

RBI/2023-24/37  
CO.DPSS.POLC.No.S-258/02-01-010/2023-24

June 7, 2023

The Trade Receivables Discounting System Platform Operators and Participants /  
National Payments Corporation of India (NPCI)

Madam / Dear Sir,

**Expanding the Scope of Trade Receivables Discounting System**

To ease constraints faced by Micro, Small and Medium Enterprises (MSMEs) in converting their trade receivables to liquid funds, the Reserve Bank of India (RBI) had issued the ‘[Guidelines for the Trade Receivables Discounting System (TReDS)](https://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=3504)’ (updated as on July 2, 2018). The guidelines allow financing / discounting of MSME receivables on “without recourse” basis by permitted financiers. Currently, three entities operate TReDS platforms in the country; one more entity has also been given in-principle authorisation to operate such platform.

2. Based on the experience gained, and as announced in the [Statement on Developmental and Regulatory Policies dated February 8, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55179), it has been decided to make the following enhancements to the TReDS guidelines :

a) Facilitate insurance for transactions : Financiers place their bids on the TReDS platforms keeping in view the credit rating of buyers. They are generally not inclined to bid for payables of low rated buyers. To overcome this, insurance facility is being permitted for TReDS transactions, which would aid financiers to hedge default risks, subject to the following:

1. Apart from MSME sellers, buyers and financiers, insurance companies are permitted to participate as “fourth participant” in TReDS.
2. In their business / operational rules, the TReDS platform operators may specify the stage at which insurance facility can be availed.
3. Premium for insurance shall not be levied on the MSME seller.
4. Collection of premium and related activities could be enabled through National Automated Clearing House (NACH) system used for settlement of TReDS transactions.
5. Based on consent received from financiers and insurance companies, TReDS platforms could facilitate automated processing of insurance claims and specify timelines for their settlement through the NACH system.
6. As of now, the credit insurance shall not be treated as a Credit Risk Mitigant (CRM) to avail any prudential benefits.

b) Expand the pool of financiers : TReDS transactions fall under the ambit of “factoring business”, and banks, NBFC-Factors and other financial institutions (as permitted by RBI) can presently participate as financiers in TReDS. The Factoring Regulation Act, 2011 (FRA) allows certain other entities / institutions to undertake factoring transactions. Accordingly, all entities / institutions allowed to undertake factoring business under FRA and the rules / regulations made thereunder, are now permitted to participate as financiers in TReDS. This would augment availability of financiers on TReDS platforms.

Yours faithfully,

(P. Vasudevan)  
Chief General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12510&Mode=0>

**Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021-Review**

RBI/2023-24/38  
FMRD.DIRD.02/14.01.001/2023-24

June 08, 2023

To

All Eligible Market Participants

Madam / Sir

**Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021-Review**

Please refer to Paragraph 1 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55815), announced as a part of the [Bi-monthly Monetary Policy Statement for 2023-24 dated June 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55814), regarding Borrowing in Call and Notice Money Markets by Scheduled Commercial Banks. Attention is also invited to the [Master Direction – Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021 dated April 01, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12061), as amended from time to time (hereinafter referred as ‘Master Direction’).

2. On a review, it has been decided that henceforth, Scheduled Commercial Banks (excluding small finance banks and payment banks) may set their own limits for borrowing in Call and Notice Money Markets. As in the case of Term Money Market borrowing, Scheduled Commercial Banks shall put in place internal board approved limits for borrowing through Call and Notice Money Markets within the prudential limits for inter-bank liabilities prescribed by Department of Regulation.

3. The instruction shall be applicable with immediate effect. The [Master Direction](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12061) has been accordingly updated.

Yours faithfully,

(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=12511&Mode=0>

**Guidelines on Default Loss Guarantee (DLG) in Digital Lending**

RBI/2023-24/41  
DOR.CRE.REC.21/21.07.001/2023-24

June 08, 2023

All Commercial Banks (including Small Finance Banks),  
Primary (Urban) Co-operative Banks, State Co-operative Banks,  
Central Co-operative Banks; and  
Non-Banking Financial Companies (including Housing Finance Companies)

Madam/ Dear Sir,

**Guidelines on Default Loss Guarantee (DLG) in Digital Lending**

A reference is invited to Para (3.4.3.1) of Section C of Annex-II to the [RBI Press Release “Recommendations of the Working group on Digital Lending – Implementation” dated August 10, 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54187) in terms of which it was stated that the recommendation pertaining to First Loss Default Guarantee (FLDG) was under examination with the Reserve Bank.

2. Arrangements between Regulated Entities (REs) and Lending Service Providers (LSPs) or between two REs involving default loss guarantee (DLG), commonly known as FLDG, has since been examined by the Bank and it has been decided to permit such arrangements subject to the guidelines laid down in the [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0#AN) to this circular. DLG arrangements conforming to these guidelines shall not be treated as ‘synthetic securitisation’[1](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0#FN1) and/or shall also not attract the provisions of ‘loan participation’[2](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12514&Mode=0#FN2).

3. The guidelines shall come into effect from the date of this Circular.

4. These directions 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, section 30A of the National Housing Bank Act, 1987 and section 6 of the Factoring Regulation Act.

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=12514&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) or CEOBSE[3](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0#F3), whichever is higher | 65% of ANBC or CEOBSE, whichever is higher | 75% of ANBC or CEOBSE, 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 or CEOBSE, whichever is higher | 11.75% of ANBC or CEOBSE, whichever is higher | 12.00% of ANBC or 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>

**Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)**

RBI/2023-24/45  
A.P. (DIR Series) Circular No. 06

June 22, 2023

To

All Authorised Persons

Madam / Sir

**Remittances to International Financial Services Centres (IFSCs)  
under the Liberalised Remittance Scheme (LRS)**

Attention of Authorised Persons is invited to [A.P. (DIR Series) Circular No. 11 dated February 16, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12029&Mode=0) and [A.P. (DIR Series) Circular No. 03 dated April 26, 2023](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12494&Mode=0) on “Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)”.

2. Presently, remittances to IFSCs under LRS can be made only for making investments in securities in terms of [A.P. (DIR Series) Circular No. 11 dated February 16, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12029&Mode=0). In view of the [gazette notification no. SO 2374(E) dated May 23, 2022](https://rbidocs.rbi.org.in/rdocs/content/pdfs/Gazette2374E23052022.pdf) issued by the Central Government, it is directed that Authorised Persons may facilitate remittances by resident individuals under purpose ‘studies abroad’ as mentioned in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000 for payment of fees to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification ibid.

3. Authorised Persons shall bring the contents of this circular to the notice of their constituents and customers.

4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Ajay Kumar Misra)  
Chief General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12518&Mode=0>

**Status of MIFOR as a Significant Benchmark**

RBI/2023-24/46  
FMRD.FMSD.03/03.07.25/2023-24

June 23, 2023

To

All the Financial Benchmark Administrators

Madam/Sir

**Status of MIFOR as a Significant Benchmark**

Please refer to the [RBI circular dated January 01, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11777&Mode=0) and [December 01, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12414&Mode=0), notifying, inter-alia, the financial benchmarks administered by Financial Benchmarks India Pvt. Ltd. (FBIL) viz., Mumbai Interbank Forward Outright Rate (MIFOR) and Modified Mumbai Interbank Forward Outright Rate (MMIFOR) as ‘significant benchmark’.

2. In light of the cessation of the publication/non-representativeness of US Dollar London Interbank Offered Rate (USD LIBOR) settings after June 30, 2023, FBIL has been accorded approval to cease the publication of the MIFOR after June 30, 2023, in terms of provisions of the [Financial Benchmark Administrators (Reserve Bank) Directions, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11601&Mode=0). Accordingly, the MIFOR administered by FBIL shall cease to be a ‘significant benchmark’ after June 30, 2023.

3. The updated list of ‘significant benchmarks’ administered by FBIL is given below:

(i) Overnight Mumbai Interbank Outright Rate (MIBOR)

(ii) USD/INR Reference Rate

(iii) Treasury Bill Rates

(iv) Valuation of Government Securities

(v) Valuation of State Development Loans (SDL)

(vi) Modified Mumbai Interbank Forward Outright Rate (MMIFOR)

4. The updated list of ‘significant benchmarks’ shall come into effect from July 01, 2023.

Yours faithfully,  
  
(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=12519&Mode=0>

**Master Direction on Minimum Capital Requirements for Operational Risk**

RBI/DOR/2023-24/103  
DOR.ORG.REC.22/21.06.050/2023-24

June 26, 2023

**Reserve Bank of India – Master Direction on Minimum Capital Requirements for Operational Risk**

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Directions hereinafter specified. These Directions require a specified Commercial Bank (covered under ‘Applicability’) to hold sufficient regulatory capital against its exposures arising from operational risk.

**Part A**

**1. Short Title and Commencement**

These Directions shall be called the Reserve Bank of India (Minimum Capital Requirements for Operational Risk) Directions, 2023.

**2. Effective Date**

2.1 The effective date of implementation of these Directions shall be communicated separately.

2.2 All existing approaches viz. Basic Indicator Approach (BIA), The Standardised Approach (TSA)/ Alternative Standardised Approach (ASA) and Advanced Measurement Approach (AMA) for measuring minimum operational risk capital (ORC) requirements shall be replaced by **the new Standardised Approach** (hereafter referred to as the ‘**Basel III Standardised Approach**’) with coming into effect of these Directions.

2.3 Until then, the minimum operational risk regulatory capital requirements shall be computed in accordance with the instructions contained in paragraph 9 of ‘Master Circular – Basel III Capital Regulations’ issued vide [circular DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12504), as amended from time to time.

**3. Applicability**

3.1 The provisions of these Directions shall apply to all Commercial Banks (excluding Local Area Banks, Payments Banks, Regional Rural Banks, and Small Finance Banks).

3.2 The scope of application shall be in accordance with paragraph 3 of ‘Master Circular – Basel III Capital Regulations’ issued vide [circular DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12504), as amended from time to time.

3.3 The provisions contained in [Part A](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12520&Mode=0#PartA) of these Directions are mandatory. Banks are encouraged to comply with the guidelines listed in [Part B](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12520&Mode=0#PartB). [Part C](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12520&Mode=0#PartC) and [Part D](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12520&Mode=0#PartD) contain Frequently Asked Questions (FAQs) and Illustrations, respectively (for general guidance of banks).

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12520&Mode=0>