**Certified Credit Professional**

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| **S.No.** | **RBI Notification** |
|  | Provisioning Requirement for Investment in Security Receipts (SRs) |
|  | Master Circular - Housing Finance for UCBs |
|  | Individual Housing loans – Enhancement in limits |
|  | Enhancement in Individual Housing Loan limits and credit to Commercial Real Estate - Residential Housing (CRE-RH) |
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|  | New Definition of Micro, Small and Medium Enterprises - Clarification |
|  | Kisan Credit Card Scheme - Eligibility criteria for farmers engaged in fisheries/ aquaculture |
|  | Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors |
|  | Review of Minimum Investment Grade Credit Ratings for Deposits of NBFCs |
|  | Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial year 2021-22 |
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|  | Master Circular - Management of Advances – UCBs |
|  | Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters – UCBs |
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|  | Master Circular - Guarantees and Co-acceptances |
|  | Master Circular - Asset Reconstruction Companies |
|  | Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 – Amendment |
|  | Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines |
|  | Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 – Amendment |
|  | Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 |
|  | Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit - Extension |
|  | Master Circular – Housing Finance |
|  | New Definition of Micro, Small and Medium Enterprises – Clarification |
|  | Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications |
|  | ‘Voluntary Retention Route’ (VRR) for Foreign Portfolio Investors (FPIs) investment in debt |
|  | Transactions in Credit Default Swap (CDS) by Foreign Portfolio Investors – Operational Instructions |
|  | Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022 |
|  | Master Circular - Asset Reconstruction Companies |
|  | Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022 |
|  | Registration of Factors (Reserve Bank) Regulations, 2022 |

**Provisioning Requirement for Investment in Security Receipts (SRs)**

RBI/2022-23/78
DOR.STR.REC.51/21.04.048/2022-23

June 28, 2022

All Primary (Urban) Co-operative Banks/State Co-operative Banks/ District Central Co-operative Banks
All Local Area Banks and Regional Rural Banks
All All-India Financial Institutions
All Non-Banking Financial Companies

**Provisioning Requirement for Investment in Security Receipts (SRs)**

Please refer to clause 77 of the [Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12166) (“MD-TLE”).

2. In order to provide a glide path to the entities which were kept out of the ambit of [circular “Guidelines on Sale of Stressed Assets by Banks” dated September 1, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10588&Mode=0) and ensure smooth implementation of clause 77 of the MD-TLE, it is advised as under in respect of valuation of investments in SRs outstanding on the date of issuance of MD-TLE (September 24, 2021):

1. The difference between the carrying value of such SRs and the valuation arrived at as on the next financial reporting date after the date of issuance of MD-TLE, in terms of clause 77 of the MD-TLE, may be provided over a five-year period starting with the financial year ending March 31, 2022 - i.e. from FY2021-22 till FY2025-26.
2. Subsequent valuations of investments in such SRs on an ongoing basis shall, however, be strictly in terms of the provisions of MD-TLE.

3. All lending institutions shall put in place a board approved plan to ensure that the provisioning made in each of the financial years in compliance of clause 2(a) above is not less than one fifth of the required provisioning on this count.

4. Valuation of investments in SRs made after the issuance of MD-TLE shall be strictly in terms of the provisions thereunder.

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

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12346&Mode=0>

**Master Circular - Housing Finance for UCBs**

RBI/2022-23/76
DOR.CRE.REC.No.49/09.22.010/2022-23

June 23, 2022

All Primary (Urban) Co-operative Banks

Madam/Dear Sir,

**Master Circular - Housing Finance for UCBs**

Please refer to our [Master Circular DCBR.BPD.(PCB) MC No.9/09.22.010/2015-16 dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9814) on the captioned subject (available at RBI website [https://rbi.org.in/](https://www.rbi.org.in/)). The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#MC) consolidates and updates all the instructions / guidelines on the subject issued till date.

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Encl: as above

**Master Circular**

**Housing Finance for UCBs**

|  |
| --- |
| **Contents** |
| 1 | [General](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#1) |
| 2 | [Eligible Category of Borrowers](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#2) |
| 3 | [Eligible Housing Schemes](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#3) |
| 4 | [Terms and Conditions for Housing Loans](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#4) |
| 4.1 | [Maximum Loan Amount and Margin](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#41) |
| 4.2 | [A. Interest](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#42A) |
|   | [B. Foreclosure Charges / Prepayment Penalty](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#42B) |
| 4.3 | [Charging of Penal Interest](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#43) |
| 4.4 | [Security](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#44) |
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| 4.6 | [Graduated Instalments](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#46) |
| 4.7 | [Aggregate Limit for Housing Finance](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#47) |
| 5 | [Additional / Supplementary Finance](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#5) |
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| • | [Annex 1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#AN1) |
| • | [Annex 2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#AN2) |
| • | [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0#AP) |

Details under each of the above headings can be read from the below link.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12344&Mode=0>

**Individual Housing loans – Enhancement in limits**

RBI/2022-23/68
DOR.CRE.REC.42/09.22.010/2022-23

June 08, 2022

All Primary (Urban) Co-operative Banks,

Madam / Dear Sir,

**Individual Housing loans – Enhancement in limits**

Please refer to [circular UBD.BPD.(PCB). Cir.No.7/09.22.010/2011-12 dated October 31, 2011](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=6784&Mode=0) on the above subject.

2. As announced in the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53831) ([para no.1 annexed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12336&Mode=0#EXTRACT)), it has been decided to revise the limits on individual housing loans sanctioned by urban co-operative banks to an individual borrower as under:

|  |  |  |
| --- | --- | --- |
| **Category of the bank** | **Existing Limit\*(per individual borrower)** | **Revised Limit\*(per individual borrower)** |
| (a) Tier-I UCBs | ₹30 lakh | ₹60 lakh |
| (b) Tier-II UCBs | ₹70 lakh | ₹140 lakh |
| \*subject to prescribed prudential exposure limits |

3. All other extant instructions in the matter shall remain unchanged. The above instructions will come into effect from the date of this circular.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

For ‘Extract from Statement on Developmental and Regulatory Policies June 08, 2022’, please refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12336&Mode=0>

**Enhancement in Individual Housing Loan limits and credit to Commercial Real Estate - Residential Housing (CRE-RH)**

RBI/2022-23/67
DOR.CRE.REC.43/09.22.010/2022-23

June 08, 2022

All State Co-operative Banks (StCBs)
All District Central Co-operative Banks (DCCBs)

Madam / Dear Sir,

**Enhancement in Individual Housing Loan limits and credit to Commercial Real Estate - Residential Housing (CRE-RH)**

Please refer to our [circulars RPCD CO.RCBD.BC.No.15 /03.03.01/2009-10 dated August 13, 2009](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=5213&Mode=0), [RPCD.CO.RF.BC.No.109/07.38.01/2008-09 dated May 25, 2009](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=4999&Mode=0) and [RPCD.CO.RCBD. BC.No. 48 /03.03.01/2010-11 dated January 20, 2011](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=6230&Mode=0) issued on the above subject.

2. As announced in the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53831) ([para no.1 & 2 annexed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12335&Mode=0#Extract)), it has been decided to revise the limits on residential housing loans sanctioned by rural co-operative banks to an individual borrower as under:

|  |  |  |
| --- | --- | --- |
| **Category of the bank** | **Existing Limit(per individual borrower)** | **Revised Limit(per individual borrower)** |
| (a) StCBs/DCCBs having assessed net worth less than ₹100 crore | ₹20 lakh | ₹50 lakh |
| (b) StCBs/DCCBs having assessed net worth equal to or more than ₹100 crore | ₹30 lakh | ₹75 lakh |

3. Further, it has been decided to allow StCBs and DCCBs to extend finance to Commercial Real Estate-Residential Housing (CRE-RH) within the existing aggregate housing finance limit of 5% of their total assets. For this purpose, CRE-RH shall consist of loans to builders/developers for residential housing projects (except for captive consumption). Such projects should ordinarily not include non-residential commercial real estate. However, integrated housing projects comprising some commercial space (e.g. shopping complex, school, etc.) can also be classified under CRE-RH, provided that the commercial area in the residential housing project does not exceed 10% of the total Floor Space Index (FSI) of the project. Standard asset provision of 0.75% and risk weight of 75% shall be maintained for CRE-RH advances.

4. Banks shall have a Board-approved policy for financing CRE-RH and a review note on the performance of the CRE-RH portfolio shall be placed before the Board at least on a half-yearly basis. All other extant instructions in the matter shall remain unchanged. The above instructions will come into effect from the date of this circular.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

For ‘Extract from Statement on Developmental and Regulatory Policies June 08, 2022’ please refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12335&Mode=0>

**Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer**

RBI/2022-23/61
DOR.STR.REC.40/21.04.048/2022-23

June 6, 2022

All Non-Banking Financial Companies
(Including Housing Finance Companies)

Madam / Dear Sir,

**Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer**

Please refer to the [circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0) on “Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs” wherein it was inter alia mentioned that RBI would issue guidelines on differential provisioning to be held by NBFCs classified as NBFC-Upper Layer (NBFC-UL) towards different classes of standard assets.

2. Accordingly, it has been decided that NBFCs classified as NBFC-UL shall maintain provisions in respect of ‘standard’ assets at the following rates for the funded amount outstanding:

|  |  |
| --- | --- |
| **Category of Assets** | **Rate of Provision** |
| Individual housing loans and loans to Small and Micro Enterprises (SMEs) | 0.25 per cent |
| Housing loans extended at teaser rates | 2.00 per cent, which will decrease to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates (if the accounts remain ‘standard’) |
| Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector | 0.75 per cent |
| Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH) | 1.00 per cent |
| Restructured advances | As stipulated in the applicable prudential norms for restructuring of advances |
| All other loans and advances not included above, including loans to Medium Enterprises | 0.40 per cent |

More details can be referred to in the below link

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12329&Mode=0>

**Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022**

RBI/2022-23/93
FMRD.DIRD.02/14.01.023/2022-23

June 01, 2022

To

All Eligible Market Participants

Madam/Sir

**Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022**

Please refer to Paragraph 10 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49343) announced as a part of the [Bi-monthly Monetary Policy Statement for 2019-20 dated February 06, 2020](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49342), on issuance of the Directions regarding exchange of variation margin (VM) for non-centrally cleared derivatives (NCCDs).

2. Accordingly, the draft Variation Margin (Reserve Bank) Directions, 2020 were released for public comments on [September 07, 2020](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50322). Based on the feedback received from the market participants, the draft Directions were reviewed and have since been finalised. The Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022 are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12328&Mode=0#enclosed) herewith.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For the detailed Master Direction - Reserve Bank of India (Variation Margin) Directions, 2022, please refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12328&Mode=0>

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

RBI/2022-23/60

DOR.STR.REC.39/04.02.001/2022-23

May 31, 2022

All Scheduled Commercial Banks (excluding RRBs),

Small Finance Banks,

Primary (Urban) Cooperative Banks & State Cooperative Banks (scheduled banks having AD category-I license), andExim Bank

Dear Sir / Madam,

Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit - Extension

Please refer to paragraph 2.4 of the circular No. DOR.STR.REC.93/04.02.001/2021-22 dated March 8, 2022, wherein it was stated that the extended IES would not be available to those beneficiaries who were availing of the benefit under any Production Linked Incentive (PLI) scheme of the Government.

2. In this regard, Government has issued a clarification that the extended IES will also be available to such beneficiaries for segments other than for which they have availed of PLI benefits.

3. It is further advised that banks shall obtain a Self-Declaration under the IES from the exporters as per the format given in the Annex.

4. These provisions shall be deemed effective from October 1, 2021. Other provisions of the aforesaid circular shall remain unchanged.

Yours faithfully

(Manoranjan Mishra)

Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12327&Mode=0>

**Housing Finance – Loans for repairs/additions/alterations - Enhancement of limits**

RBI/2022-23/56
DOR.CRE.REC.18/09.22.010/2022-23

May 24, 2022

All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

**Housing Finance – Loans for repairs/additions/alterations - Enhancement of limits**

Please refer to para 2 of the [circular UBD.CO.BPD.(PCB).Cir.No.13/09.22.010/2013-14 dated September 10, 2013](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=8390&Mode=0) on the captioned subject, wherein, the ceiling on loans to individuals for carrying out repairs/additions/alterations to their dwelling units was revised upwards to ₹2 lakh in rural and semi-urban areas and ₹5 lakh in urban areas.

2. The ceiling on such loans is now revised to ₹10 lakh in metropolitan centres (those centres with population of 10 lakh and above) and ₹6 lakh in other centres.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12323&Mode=0>

**New Definition of Micro, Small and Medium Enterprises - Clarification**

RBI/2022-23/52
FIDD.MSME & NFS.BC.No.7/06.02.31/2022-23

May 19, 2022

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 - Clarification**

Please refer to our [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), [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) and [FIDD.MSME & NFS.BC.No.16/06.02.31/2021-22 dated February 18, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12233&Mode=0), regarding revised criteria for classification of Micro, Small and Medium Enterprises.

2. Government of India, vide [Gazette Notification S.O. 2134(E) dated May 06, 2022](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GOIG19052022.pdf), has notified amendments in sub paragraph (3) paragraph (7) of the notification of Government of India, Ministry of Micro, Small and Medium Enterprises number [S.O. 2119 (E), dated June 26, 2020](https://rbidocs.rbi.org.in/rdocs/content/pdfs/IndianGazzate02072020.pdf), published in the Gazette of India.

3. In view of the above amendment, it is clarified that:

1. the existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAM) of the MSMEs obtained till June 30, 2020 shall remain valid till June 30, 2022 for classification as MSMEs; and
2. the validity of documents obtained in terms of O.M. No.12(4)/ 2017-SME dated March 8, 2017 ([RBI Circular FIDD.MSME & NFS.BC.No.10/06.02.31/2017-18 dated July 13, 2017](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11050&Mode=0)), for classification of MSMEs upto June 30, 2020, has been extended upto June 30, 2022.

Yours faithfully

(Nisha Nambiar)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12319&Mode=0>

**Kisan Credit Card Scheme - Eligibility criteria for farmers engaged in fisheries/ aquaculture**

RBI/2022-23/51
FIDD.CO.FSD.BC.No.6/05.05.010/2022-23

May 18, 2022

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

Madam/ Dear Sir,

**Kisan Credit Card Scheme - Eligibility criteria for farmers engaged in fisheries/ aquaculture**

Please refer to Para 3.1.1.2 of our [circular FIDD.CO.FSD.BC.12/05.05.010/2018-19 dated February 04, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11462&Mode=0) on Kisan Credit Card (KCC) Scheme: Working Capital for Animal Husbandry and Fisheries. It has been brought to our notice that licensing/authorisation related requirements pertaining to fishing/aquaculture in inland water bodies vary across states. Accordingly, the eligibility criteria for inland fisheries and aquaculture under Para 3.1.1.2 of the circular stand modified as follows:

The beneficiaries must own or lease any fisheries related assets such as ponds, tanks, open water bodies, raceways, hatcheries, rearing units, boats, nets and such other fishing gear as the case may be and possess necessary authorisation/certification as may be applicable in respective states for fish farming and fishing related activities and for any other state specific fisheries and allied activities.

2. All other terms and conditions of the scheme remain unchanged.

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12318&Mode=0>

**Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors**

RBI/2022-23/50
FIDD.CO.Plan.BC.No.5/04.09.01/2022-23

May 13, 2022

The Chairman/ Managing Director/
Chief Executive Officer
All Scheduled Commercial Banks (Including Small Finance Banks)
(Excluding Regional Rural Banks, Urban Co-operative Banks and Local Area Banks)

Dear Sir/Madam,

**Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors**

Please refer to para nos. 21.2, 21.3, 22 and 24 of the [Master Directions on Priority Sector Lending dated September 4, 2020](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959) (updated from time to time), along with [notifications FIDD.CO.Plan. BC.No.15/04.09.01/2021-22 dated October 8, 2021](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12177&fn=2754&Mode=0) and [FIDD.CO.Plan.BC.No.10/04.09.01/2021-22 dated May 5, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12081&Mode=0) wherein lending by commercial banks to NBFCs and lending by Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to certain priority sectors, was permitted up to March 31, 2022.

2. To ensure continuation of the synergies that have been developed between banks and NBFCs in delivering credit to the specified priority sectors, it has been decided to allow the above facility on an on-going basis.

3. Bank credit to NBFCs (including HFCs) for on-lending will be allowed up to an overall limit of 5 percent of an individual bank’s total priority sector lending in case of commercial banks. In case of SFBs, credit to NBFC-MFIs and other MFIs (Societies, Trusts, etc.) which are members of RBI recognized ‘Self-Regulatory Organisation’ of the sector, will be allowed up to an overall limit of 10 percent of an individual bank’s total priority sector lending. These limits shall be computed by averaging across four quarters of the financial year, to determine adherence to the prescribed cap.

4. SFBs are allowed to lend to registered NBFC-MFIs and other MFIs which have a ‘gross loan portfolio’ (GLP) of up to ₹500 crore as on March 31 of the previous financial year, for the purpose of on-lending to priority sector. In case the GLP of the NBFC-MFIs/other MFIs exceeds the stipulated limit at a later date, all priority sector loans created prior to exceeding the GLP limit will continue to be classified by the SFBs as PSL till repayment/maturity, whichever is earlier.

Yours faithfully,

(Sonali Sen Gupta)
Chief General Manager-in-Charge

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12317&Mode=0>

**Review of Minimum Investment Grade Credit Ratings for Deposits of NBFCs**

RBI/2022-23/37
DOR.FIN.REC.No.30/03.10.001/2022-23

May 02, 2022

All Deposit taking NBFCs (including deposit taking HFCs)

Dear Sir/ Madam,

**Review of Minimum Investment Grade Credit Ratings for Deposits of NBFCs**

Please refer to 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) wherein the names of approved credit rating agencies and their respective minimum investment grade credit rating for the purpose of accepting public deposits by NBFCs have been listed.

2. On a review, it has been decided that the minimum investment grade credit rating for deposits of NBFCs shall be ‘BBB–’ from any of the SEBI-registered Credit Rating Agencies.

3. The [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) is being modified accordingly.

Yours faithfully,

(J.P. Sharma)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12304&Mode=0>

**Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial year 2021-22**

RBI/2022-23/35
FIDD.CO.FSD.BC.No.3/05.02.001/2022-23

April 28, 2022

The Chairman / Managing Director / Chief Executive Officer
All Public Sector Banks, Private Sector Banks and
Small Finance Banks

Madam/Dear Sir,

**Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial year 2021-22**

Please refer to our letter FIDD.CO.FSD.No.342/05.02.001/2020-21 dated October 16, 2020 conveying the decision of the Government of India for continuation of the Interest Subvention Scheme (modified) for short term loans for agriculture and allied activities for the year 2020-21 on interim basis.

2. In this regard, it is advised that Government of India has approved the continuation of the Interest Subvention Scheme (ISS) with modifications for the financial year 2021-22 with the following stipulations:

1. In order to provide short term crop loans and short term loans for allied activities including animal husbandry, dairy, fisheries, bee keeping etc. upto an overall limit of ₹3 lakh to farmers through KCC at concessional interest rate during the year 2021-22, it has been decided to provide interest subvention of 2% per annum to lending institutions viz. Public Sector Banks (PSBs) and Private Sector Banks (in respect of loans given by their rural and semi-urban branches only), Small Finance Banks (SFBs) and computerized Primary Agriculture Cooperative Societies (PACS) which have been ceded with Scheduled Commercial Banks (SCBs), on use of their own resources. This interest subvention of 2% per annum will be calculated on the loan amount from the date of disbursement/drawal up to the date of actual repayment of the loan by the farmer or up to the due date of the loan fixed by the banks, whichever is earlier, subject to a maximum period of one year. The applicable lending rate to farmers and the rate of interest subvention for the financial year 2021-22 will be as follows:

|  |  |  |
| --- | --- | --- |
| **Financial Year** | **Lending rate to farmers** | **Rate for Interest Subvention** |
| 2021-22 | 7% | 2% |

For more details, kindly refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12302&Mode=0>

**Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)**

RBI/2022-23/28
A.P. (DIR Series) Circular No. 01 (revised number)

April 19, 2022

To,

All Authorized Persons

Madam / Sir

**Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 1 to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified, vide [Notification No. FEMA. 396/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0), as amended from time to time and the relevant Directions issued thereunder.

2. A reference is also invited to the following directions issued by the Reserve Bank:

1. [A.P. (DIR Series) Circular No. 25 dated March 30, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0);
2. [Circular No. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11850&Mode=0);
3. [A.P. (DIR Series) Circular No. 05 dated May 31, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12102&Mode=0); and
4. [A.P. (DIR Series) Circular No. 23 dated February 10, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12227&Mode=0).

**3. Investment Limits for the financial year (FY) 2022-23:**

1. The limits for FPI investment in Government securities (G-secs), State Development Loans (SDLs) and corporate bonds shall remain unchanged at 6%, 2% and 15% respectively, of outstanding stocks of securities for FY 2022-23.
2. As hitherto, all investments by eligible investors in the ‘specified securities’ shall be reckoned under the Fully Accessible Route (FAR) in terms of [A.P. (DIR Series) Circular No. 25 dated March 30, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0).
3. The allocation of incremental changes in the G-sec limit (in absolute terms) over the two sub-categories – ‘General’ and ‘Long-term’ – shall be retained at 50:50 for FY 2022-23.
4. The entire increase in limits for SDLs (in absolute terms) has been added to the ‘General’ sub-category of SDLs.

For the revised limits (in absolute terms) for the different categories and other details, refer to the link provided below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12295&Mode=0>

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

RBI/2022-23/22
DOR.CRE.REC.No.17/13.05.000/2022-23

April 8, 2022

All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

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

Please refer to our [Master Circular DCBR.BPD.(PCB) MC No.14/13.05.000/2015-16 dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9880) on the captioned subject. The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12288&Mode=0#MC) consolidates and updates all the instructions / guidelines issued on the subject up to April 7, 2022 as listed in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12288&Mode=0#AP).

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Encl: as above

**Master Circular on Management of Advances – UCBs**

|  |
| --- |
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| [Appendix List of circulars consolidated in the Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12288&Mode=0#AP) |

For details under the above mentioned headings, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12288&Mode=0>

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

RBI/2022-23/17
DOR.STR.REC.5/21.04.048/2022-23

April 1, 2022

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.No.STR.REC.64/21.04.048/2021-22 dated November 1, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12185)on the captioned subject. The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12283&Mode=0#MC) consolidates and updates all the instructions / guidelines on the subject issued up to March 31, 2022 as listed in the [Annex 9](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12283&Mode=0#ANN_9).

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Encl: As above

For the detailed Master Circular on Income Recognition, Asset Classification, Provisioning and Other Related Matters, please refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12283&Mode=0>

**Master Circular – Housing Finance**

RBI/2022-23/16
DOR.CRE.REC.No.06/08.12.001/2022-23

April 01, 2022

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir/Madam,

**Master Circular – Housing Finance**

Please refer to the [Master Circular DOR.CRE.REC.No.87/08.12.001/2021-22 dated February 18, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12243) consolidating the instructions / guidelines issued to banks till February 17, 2022 relating to Housing Finance. This[Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12282&Mode=0#MC) consolidates instructions on the above matter issued up to March 31, 2022.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

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For more details on the headings mentioned above, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12282&Mode=0>

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

RBI/2022-23/15
DOR.STR.REC.4/21.04.048/2022-23

April 1, 2022

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.No.STR.REC.55/21.04.048/2021-22 dated October 1, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12171) consolidating instructions / guidelines issued to banks till September 30, 2021 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=12281&Mode=0#MC) consolidates instructions on the above matters issued up to March 31, 2022. A list of circulars consolidated in this Master Circular is contained in [Annex 5](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12281&Mode=0#AN5).

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Encl.: As above

For the detailed ‘MASTER CIRCULAR - PRUDENTIAL NORMS ON INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING PERTAINING TO ADVANCES’, refer to the link placed below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12281&Mode=0>

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

RBI/2022-23/10
DOR.STR.REC.8/13.07.010/2022-23

April 1, 2022

**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.66/13.07.010/2021-22 dated November 9, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12189) consolidating the instructions / guidelines issued to banks till November 8, 2021, relating to Guarantees and Co-acceptances. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12276&Mode=0#MC) consolidates the instructions on the above matter issued up to March 31, 2022.

Yours faithfully

Manoranjan Mishra
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12276&Mode=0>

**Master Circular - Asset Reconstruction Companies**

RBI/2022-23/03
DOR.SIG.FIN.REC 1/26.03.001/2022-23

April 01, 2022

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://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12267&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://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12267&Mode=0#Guidance) updated as on March 31, 2022 are reproduced below.

Yours faithfully,

(J P Sharma)
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12267&Mode=0>

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 – Amendment**

RBI/2021-22/191
DOR.MRG.REC.98/21.04.141/2021-22

March 31, 2022

Dear Sir / Madam,

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 - Amendment**

Please refer to the [Master Direction DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12153) – ‘Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021’ (hereinafter referred as ‘Master Direction’).

2. In terms of Section 9 of the Master Direction ibid, investments classified under HTM shall be carried at acquisition cost, with the premium over the face value being amortised over the tenor of the instrument. It is expected that the acquisition of such instruments shall be at the fair value of the security at the time of its acquisition. This instruction also applies to re-capitalisation bonds received from the Government of India towards banks’ recapitalisation requirement and held in the investment portfolio (cf. Section 6 of the Master Direction ibid).

3. It is clarified that investments in special securities received from the Government of India towards bank’s recapitalisation requirement from FY 2021-22 onwards shall be recognised at fair value / market value on initial recognition in HTM. The fair value / market value of these securities shall be arrived on the basis of the prices / YTM of similar tenor Central Government securities put out by Financial Benchmarks India Pvt. Ltd. (FBIL). Any difference between the acquisition cost and fair value arrived as above shall be immediately recognized in the Profit and Loss Account.

**Applicability**

4. This circular is applicable to all Commercial Banks (excluding Regional Rural Banks).

5. The relevant sections of the Master Direction are being amended to reflect the aforementioned changes. These instructions come into force with immediate effect.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12264&Mode=0>

**Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines**

RBI/2021-22/189
DOR.CAP.REC.No.97/21.06.201/2021-22

March 31, 2022

Dear Sir/ Madam,

**Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines**

The Bilateral Netting of Qualified Financial Contracts Act, 2020 (hereafter referred to as “the Act”), has been notified by the Government of India vide Gazette Notification No. S.O. 3463(E) dated October 1, 2020. The Act provides a legal framework for enforceability of bilateral netting of qualified financial contracts (QFC).

2. In exercise of the powers conferred by section 4(a) of the Act, the Reserve Bank, vide Notification no. FMRD.DIRD.2/14.03.043/2020-21 dated March 9, 2021, has since notified (a) “derivatives”; and (b) “repo” and “reverse repo” transactions as defined under Section 45(U) of Chapter III-D of the Reserve Bank of India Act, 1934 as a QFC.

For more details, the reference link is provided below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12262&Mode=0>

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 – Amendment**

RBI/2021-22/185
DOR.MRG.REC.96/21.04.141/2021-22

March 23, 2022

Dear Sir / Madam,

**Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 - Amendment**

Please refer to the [Master Direction DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12153) – ‘Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021’ (hereinafter referred as ‘Master Direction’).

2. The Master Direction outlines the prudential treatment for investment in Venture Capital Funds (VCFs). We have received queries from banks regarding the applicability of these instructions for investment in Alternative Investment Funds (AIFs).

3. Accordingly, on a review, it has been decided that the investment in Category I and Category II AlFs, which includes VCFs, shall receive the same prudential treatment as applicable for investment in VCFs.

4. In addition, based on feedback from banks, clarifications / updates have been provided regarding section 4(a)(vii), 10(c)(ix), 12(ii)(b), 12(ii)(d)(ix), 13(iv)(b), 16(i), 16(ii), 18(ii)(e)(ii) and Annex II of the Master Direction.

5. The relevant sections of the Master Direction have been amended to reflect the aforementioned changes.

**Applicability**

6. This circular is applicable to all Commercial Banks (excluding Regional Rural Banks).

7. These instructions shall come into force with immediate effect.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12258&Mode=0>

**Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022**

RBI/DOR/2021-22/89
DoR.FIN.REC.95/03.10.038/2021-22

March 14, 2022

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 Non-Banking Financial Companies (including Microfinance Institutions
and Housing Finance Companies)

Madam/ Dear Sir,

**Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022**

Please refer to paragraph 8 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51078) announced as a part of the [Bi-monthly Monetary Policy Statement for 2020-21 dated February 5, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51077), regarding review of the regulatory framework for microfinance.

2. A consultative document on regulation of microfinance loans was issued for public comments on [June 14, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51725). Based on the feedback received, it has now been decided to put in place the directions for microfinance loans which are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12256&Mode=0#MD).

Yours faithfully,

(J.P. Sharma)
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12256&Mode=0>

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

RBI/2021-22/180
DOR.STR.REC.93/04.02.001/2021-22

March 8, 2022

All Scheduled Commercial Banks (excluding RRBs),
Small Finance Banks,
Primary (Urban) Cooperative Banks (scheduled banks having AD category-I license), 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(DIR).REC.28/04.02.001/2021-22 dated July 1, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12124&Mode=0).

2. Government of India has approved the extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit (‘Scheme’) up to March 31, 2024 or till further review, whichever is earlier. The extension takes effect from October 1, 2021 and ends on March 31, 2024. The modifications made by the Government to the Scheme are detailed below:

2.1 ‘Telecom Instruments’ sector having six HS lines[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12252&Mode=0#F1) shall be out of the purview of the Scheme, except for MSME manufacturer exporters.

2.2 Revised interest equalisation rates under the Scheme will now be 3 per cent for MSME manufacturer exporters exporting under any HS lines, and 2 per cent for manufacturer exporters and merchant exporters exporting under 410 HS lines (after excluding 6 HS lines pertaining to Telecom Sector as mentioned above).

2.3 Banks, while issuing approval to the exporter, will necessarily furnish i) the prevailing interest rate, ii) the interest subvention being provided, and iii) the net rate being charged to each exporter, so as to ensure transparency and greater accountability in the operation of the Scheme.

2.4 The extended Scheme will not be available to those beneficiaries who are availing the benefit under any Production Linked Incentive (PLI) scheme of the government.

For the details, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12252&Mode=0>

**Master Circular – Housing Finance**

RBI/2021-22/171
DOR.CRE.REC.No.87/08.12.001/2021-22

February 18, 2022

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir/Madam,

**Master Circular – Housing Finance**

Please refer to the [Master Circular DBR.No.DIR.BC.13/08.12.001/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9851) consolidating the instructions / guidelines issued to banks till June 30, 2015 relating to Housing Finance. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12243&Mode=0#MC) consolidates instructions on the above matter issued up to February 17, 2022.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12243&Mode=0>

**New Definition of Micro, Small and Medium Enterprises – Clarification**

RBI/2021-2022/161
FIDD.MSME & NFS.BC.No.16/06.02.31/2021-22

February 18, 2022

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 - Clarification**

Please refer to the [circular FIDD.MSME & NFS.BC.No.12/06.02.31/2021-22 dated June 25, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12122&Mode=0) on ‘New Definition of Micro, Small and Medium Enterprises’.

2. In this connection, we inform that Government of India, vide their [Gazette Notification S.O. 278(E) dated January 19, 2022](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GOIJan192022_18022022.pdf), has notified amendments in the paragraph (7) sub-paragraph (3) in the notification of Government of India, Ministry of Micro, Small and Medium Enterprises number [S.O. 2119 (E), dated June 26, 2020](https://rbidocs.rbi.org.in/rdocs/content/pdfs/IndianGazzate02072020.pdf), published in the Gazette of India.

3. In view of the above amendment, paragraph 3 of the said circular would stand modified as under:

“The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020 shall remain valid till March 31, 2022.”

4. Further, it is clarified that the validity of documents obtained in terms of O.M. No.12(4)/ 2017-SME dated March 8, 2017 ([RBI Circular FIDD.MSME & NFS.BC.No.10/06.02.31/2017-18 dated July 13, 2017](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11050&Mode=0)), for classification of MSMEs upto June 30, 2020, are also valid upto March 31, 2022.

5. All other provisions of the circular remain unchanged.

Yours faithfully

(Sonali Sen Gupta)
Chief General Manager-in-Charge

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12233&Mode=0>

**Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications**

RBI/2021-2022/158
DOR.STR.REC.85/21.04.048/2021-22

February 15, 2022

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 clarifications issued in respect of **Prudential norms on Income Recognition, Asset Classification and Provisioning** vide [circular DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12194&Mode=0) (‘**Circular**’).

2. In view of several queries received seeking certain clarifications, it is advised as under:

1. The definition of ‘out of order’, as clarified in the Circular, shall be applicable to all loan products being offered as an overdraft facility, including those not meant for business purposes and/or which entail interest repayments as the only credits.
2. The ‘previous 90 days period’ for determination of ‘out of order’ status of a CC/OD account shall be inclusive of the day for which the day-end process is being run.
3. In case of borrowers having more than one credit facility from a lending institution, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.
4. The circular does not make any changes to the requirements related to reporting of information to CRILC, which will continue to be governed in terms of extant instructions for respective entities[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12230&Mode=0#FN1).
5. The circular does not, in any way, interfere with the extant guidelines on implementation of Ind-AS by NBFCs.

3. Paragraph 10 of the Circular stipulates that loan accounts classified as NPAs may be upgraded as ‘standard’ asset only if entire arrears of interest and principal are paid by the borrower. NBFCs shall have time till September 30, 2022 to put in place the necessary systems to implement this provision. All other instructions of the Circular shall continue to be applicable as per the timelines specified therein.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12230&Mode=0>

**‘Voluntary Retention Route’ (VRR) for Foreign Portfolio Investors (FPIs) investment in debt**

RBI/2021-22/156
A.P. (DIR Series) Circular No. 22

February 10, 2022

To

All Authorized Persons

Madam / Sir

**‘Voluntary Retention Route’ (VRR) for Foreign Portfolio Investors (FPIs) investment in debt**

Please refer to paragraph 3 of the [Statement on Developmental and Regulatory Policies dated February 10, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53248) regarding enhancement of the investment limit under the Voluntary Retention Route (VRR).

2. Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the following regulations, as amended from time to time, and the relevant Directions issued under these regulations.

1. Foreign Exchange Management (Permissible Capital Accounts Transactions) Regulations, 2000 notified vide [Notification No. FEMA 1/2000-RB dated May 03, 2000](https://www.rbi.org.in/Scripts/BS_FemaNotifications.aspx?Id=155);
2. Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 notified vide [Notification No. FEMA 3(R)/2018-RB dated December 17, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11441&Mode=0);
3. Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide [Notification No. FEMA. 396/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0); and
4. Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 notified vide [Notification No. FEMA 25/RB – 2000 dated May 03, 2000](https://www.rbi.org.in/Scripts/BS_FemaNotifications.aspx?Id=179).

3. AD Category – I banks may also refer to [A.P. (DIR Series) Circular No. 34 dated May 24, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11561&Mode=0), on ‘Voluntary Retention Route’ for Foreign Portfolio Investors investment in debt, read with[A.P. (DIR Series) Circular No. 19 dated January 23, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11798&Mode=0).

4. The investment limit under the VRR is increased to ₹2,50,000 crore from ₹1,50,000 crore. The updated Directions are as given in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12228&Mode=0#AN1).

5. These Directions shall be applicable with effect from April 1, 2022.

6. 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

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12228&Mode=0>

**Transactions in Credit Default Swap (CDS) by Foreign Portfolio Investors – Operational Instructions**

RBI/2021-22/155
A.P. (DIR Series) Circular No. 23

February 10, 2022

To,

All Authorised Persons

Madam / Sir

**Transactions in Credit Default Swap (CDS) by Foreign Portfolio Investors – Operational Instructions**

Attention of Authorised Persons is invited to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 [[Notification No. FEMA. 396/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0)], as amended from time to time. A reference is also invited to [A.P. (DIR Series) Circular No.31 dated June 15, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11303&Mode=0), [A.P. (DIR Series) Circular No. 05 dated May 31, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12102&Mode=0) and [Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022 dated February 10, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12226), as amended from time to time (hereinafter, Credit Derivatives Directions).

2. Foreign Portfolio Investors (FPIs) are eligible to be categorised as non-retail users and have been allowed to buy and sell CDS protection under the Credit Derivatives Directions. Necessary Directions to Authorised Persons that are eligible to deal with FPIs for transacting in Credit Derivatives in terms of the Credit Derivatives Directions are being issued hereunder.

3. Selling of CDS protection by all FPIs shall be subject to a limit specified by the Reserve Bank from time to time (hereinafter, aggregate limit). The aggregate limit of the notional amount of CDS sold by FPIs shall be 5% of the outstanding stock of corporate bonds. Clearing Corporation of India Ltd. (CCIL) shall disseminate the utilisation of aggregate limit based on the reporting by the market makers for transactions in OTC market and reporting by stock exchanges for transactions on exchanges. FPIs shall not sell any CDS protection once aggregate limit is utilised. The limit utilised for CDS protection sold by the FPI shall be released upon the exit of the CDS position by the FPIs.

For more details, refer to the link placed below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12227&Mode=0>

**Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022**

RBI/2021-22/88
FMRD.DIRD.10/14.03.004/2021-22

February 10, 2022

To,
All Eligible Market Participants

Madam/Sir,

**Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022**

Please refer to Paragraph 4 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53248) announced as a part of the [Bi-monthly Monetary Policy Statement for 2021-22 dated February 10, 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53247), regarding review of the Credit Default Swaps (CDS) Guidelines.

2. The draft Reserve Bank of India (Credit Derivatives) Directions, 2021 were released for public comments on [February 16, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51138). Based on the feedback received from the market participants, the draft Directions were reviewed and have since been finalised. The Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022 are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12226&Mode=0#MD) herewith.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For the detailed Master Direction, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12226&Mode=0>

**Master Circular - Asset Reconstruction Companies**

RBI/2021-22/154
DOR.SIG.FIN.REC 84/26.03.001/2021-22

February 10, 2022

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://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12225&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://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12225&Mode=0#Guidance) updated as on January 31, 2022 are reproduced below.

Yours faithfully,

(J P Sharma)
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12225&Mode=0>

**Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022**

**RESERVE BANK OF INDIA
DEPARTMENT OF REGULATION
CENTRAL OFFICE
MUMBAI 400 001**

**Notification No. DOR.FIN.081/CGM(JPS) – 2022**

**January 14, 2022**

**Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022**

In exercise of the powers conferred by section 19 (1A) read with Section 31A of the Factoring Regulation Act, 2011 (12 of 2012), the Reserve Bank of India, hereby makes the following regulations pertaining to the manner of filing of particulars of transactions with the Central Registry by a Trade Receivable Discounting System (TReDS) on behalf of Factors.

**1. Short title and commencement**

(1) These regulations may be called the Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022.

(2) These regulations shall come into force on the date of their publication in the Official Gazette.

**2. Definitions**

For the purpose of these regulations, unless the context otherwise requires:

(1) “Act” means the Factoring Regulation Act, 2011 (12 of 2012);

(2) “Central Registrar” means a person appointed as such under subsection (1) of section 21 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);

(3) “Central Registry” means the Central Registry set up under section 20 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002).

For more information on the ‘Registration of assignments of receivables transactions’, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12223&Mode=0>

**Registration of Factors (Reserve Bank) Regulations, 2022**

**RESERVE BANK OF INDIA
DEPARTMENT OF REGULATION
CENTRAL OFFICE
MUMBAI 400 001**

**Notification No. DOR.FIN.080/CGM(JPS) – 2022**

**January 14, 2022**

**Registration of Factors (Reserve Bank) Regulations, 2022**

In exercise of the powers conferred by section 3 read with Section 31A of the Factoring Regulation Act, 2011 (12 of 2012), the Reserve Bank of India, hereby makes the following regulations pertaining to the manner of granting Certificate of Registration to companies which propose to do factoring business.

**1. Short title and commencement**

(1) These regulations may be called the Registration of Factors (Reserve Bank) Regulations, 2022.

(2) These regulations shall come into force on the date of their publication in the Official Gazette.

**2. Definitions**

For the purpose of these regulations, unless the context otherwise requires:

(1) “Act” means the Factoring Regulation Act, 2011 (12 of 2012);

(2) “Reserve Bank” means the Reserve Bank of India constituted under Section 3 of the Reserve Bank of India Act, 1934 (2 of 1934);

(3) “Company” means a company as defined in clause (20) of section 3 of Companies Act, 2013 (18 of 2013);

(4) “Non-Banking Financial Company – Factor (NBFC-Factor)” means a non - banking financial company as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934, which has its principal business as per Regulation 4 of these regulations and has been granted a Certificate of Registration (CoR) under section 3 of the Act;

For more information, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12222&Mode=0>