**Certificate Examination in Microfinance**

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| --- | --- |
| **S.No.** | **RBI Notification** |
|  | Master Circular on Credit Facilities to Minority Communities |
|  | Review of Prudential Norms – Risk Weights for Exposures to Corporates and NBFCs |
|  | Multiple NBFCs in a Group: Classification in Middle Layer |
|  | Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 - Disclosure of Divergence in Asset Classification and Provisioning |
|  | Eligibility Criteria for offering Internet Banking Facility by Regional Rural Banks, 2022 |
|  | Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial years 2022-23 and 2023-24 |
|  | Inclusion of Goods and Service Tax Network (GSTN) as a Financial Information Provider under Account Aggregator Framework |
|  | Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures |

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

RBI/2022-23/99  
FIDD.GSSD.BC.No.11/09.10.001/2022-23

August 2, 2022

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

Madam/ Dear Sir,

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

The Reserve Bank of India has periodically issued guidelines/instructions/directives to banks with regard to providing credit facilities to Minority Communities. The [Master Circular](https://m.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=12367#MC) enclosed consolidates the circulars issued by Reserve Bank on the subject till date, as listed in the [Appendix](https://m.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=12367#APP).

Yours faithfully,

(Nisha Nambiar)  
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://m.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=12367>

**Review of Prudential Norms – Risk Weights for Exposures to Corporates and NBFCs**

RBI/2022-23/125  
DOR.STR.REC.71/21.06.201/2022-23

October 10, 2022

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

Madam/Dear Sir,

**Review of Prudential Norms – Risk Weights for Exposures to Corporates and NBFCs**

Please refer to paragraph 6.8.1 (i) of [Master Circular on Basel III capital regulations dated April 1, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12278) in terms of which banks are permitted to derive risk weights for their unrated exposures based on the ratings available for a specific rated debt subject to the conditions specified that the bank’s facility ranks pari passu or senior to the specific rated debt in all respects and the maturity of the unassessed claim is not later than the maturity of the rated claim. Banks may also refer to paragraph 6.2.5 of the Master Circular ibid regarding publication of bank loan ratings by External Credit Assessment Institutions (ECAIs).

2. It is observed that the Press Releases (PRs) issued by ECAIs on rating actions are often devoid of the lenders’ details. Absence of such information may result in banks applying the derived risk weights for unrated exposures, without satisfying themselves regarding adherence to prescribed conditions. This may, consequentially, lead to potentially lower provision of capital as well as underpricing of risks. In order to address the above information asymmetry, the Reserve Bank had advised the ECAIs vide letter dated June 4, 2021 to disclose the name of the banks and the corresponding credit facilities rated by them in the PRs issued on rating actions by August 31, 2021, after obtaining requisite consent from the borrowers.

3. However, on a review it has been observed that the above disclosures are not available in a large number of PRs issued by ECAIs owing to the absence of requisite consent by the borrowers to the ECAIs. It is, therefore, advised that a bank loan rating without the above disclosure by the ECAI shall not be eligible for being reckoned for capital computation by banks. Banks shall treat such exposures as unrated and assign applicable risk weights in terms of paragraph 5.8.1 of the Master Circular ibid read with amendments carried out from time to time.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12396&Mode=0>

**Multiple NBFCs in a Group: Classification in Middle Layer**

RBI/2022-23/129  
DOR.CRE.REC.No.78/03.10.001/2022-23

October 11, 2022

All Non-Banking Financial Companies

Madam / Dear Sir,

**Multiple NBFCs in a Group: Classification in Middle Layer**

Please refer to para 1 of the Annex to the [Circular on “Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs” issued on October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0) delineating the four layered regulatory structure for NBFCs under Scale Based Regulatory Framework.

**2.** As per para 16 of the [Master Direction – Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586), applicable NBFCs that are part of a common Group or are floated by a common set of promoters shall not be viewed on a standalone basis. In line with the existing policy on consolidation of assets of the NBFCs in a Group, the total assets of **all the NBFCs**[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12400&Mode=0#F1) **in a Group**[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12400&Mode=0#F2) shall be consolidated to determine the threshold for their classification in the Middle Layer.

**3.** If the consolidated asset (consolidation as per para 2 above) size of the Group is ₹1000 crore and above, then each Investment and Credit Company (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factor and Mortgage Guarantee Company (NBFC-MGC) lying in the Group shall be classified as an NBFC in the Middle Layer and consequently, regulations as applicable to the Middle Layer shall be applicable to them. Illustrative examples are provided in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12400&Mode=0#AN1) to this circular.

**4.** Statutory Auditors are required to certify the asset size (as on March 31) of all the NBFCs in the Group every year. The certificate shall be furnished to the Department of Supervision of the Reserve Bank under whose jurisdiction the NBFCs are registered.

**5.** These guidelines shall be effective from October 01, 2022.

**6.** Provisions contained in this circular will not be applicable for classifying an NBFC in the Upper Layer.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12400&Mode=0>

**Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 - Disclosure of Divergence in Asset Classification and Provisioning**

RBI/2022-23/130  
DOR.ACC.REC.No.74/21.04.018/2022-23

October 11, 2022

Madam / Dear Sir,

**Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 - Disclosure of Divergence in Asset Classification and Provisioning**

In terms of paragraph C.4(e) of Annexure III to the [Reserve Bank of India (Financial Statements-Presentation and Disclosures) Directions, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12158), commercial banks (excluding Regional Rural Banks (RRBs)) are required to disclose details of divergence in asset classification and provisioning where such divergence assessed by the Reserve Bank of India (RBI) exceeds certain specified thresholds. In order to strengthen compliance with income recognition, asset classification and provisioning norms, it has now been decided to introduce similar disclosure requirements for Primary (Urban) Co-operative Banks (UCBs) and revise the specified thresholds for commercial banks.

2. Accordingly, for the financial statements for the year ending March 31, 2023, banks shall make suitable disclosures in the manner specified in paragraph C.4(e) of Annex III to the afore-mentioned Directions, if either or both of the following conditions are satisfied:

1. the additional provisioning for non-performing assets (NPAs) assessed by the RBI exceeds 10 per cent of the reported profit before provisions and contingencies[1](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12401&fn=2&Mode=0#F1) for the reference period; and
2. the additional Gross NPAs identified by the RBI exceed 10 per cent of the reported[2](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12401&fn=2&Mode=0#F2) incremental Gross NPAs for the reference period.

Provided further that in the case of UCBs the threshold for reported incremental Gross NPAs specified in paragraph 2(b) above shall be 15 per cent, which shall be reduced progressively in a phased manner, after review.

3. The thresholds specified in paragraph (2) above shall be revised for disclosures in annual financial statements for the year ending March 31, 2024, and onwards, as under:

|  |  |  |  |
| --- | --- | --- | --- |
| **Ref.** | **Threshold linked to:** | **Commercial Banks (%)** | **UCBs (%)** |
| 2(a) | Reported profit before provisions and contingencies | 5 | 5 |
| 2(b) | Reported incremental Gross NPA | 5 | 15\* |
| \*May be reduced subject to review | | | |

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12401&fn=2&Mode=0#:~:text=4(e)%20of%20Annexure%20III,by%20the%20Reserve%20Bank%20of>

**Eligibility Criteria for offering Internet Banking Facility by Regional Rural Banks, 2022**

RBI/2022-23/135  
DoR.AUT.REC.81/24.01.001/2022-23

November 01, 2022

Madam / Sir,

**Eligibility Criteria for offering Internet Banking Facility by Regional Rural Banks, 2022**

In exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, amends the instructions issued vide [circular DBR.RRB.BC.No.59/31.01.001/2015-16 dated November 19, 2015](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10128&Mode=0) on ‘Internet Banking Facility for Customers of Regional Rural Banks’.

Keeping in view the need to promote the spread of digital banking for customers in rural areas, the eligibility criteria applicable to Regional Rural Banks for offering Internet Banking with transactional facility to their customers have been revised, the details of which are enclosed in the [Annex](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12407&fn=2&Mode=0#AN).

**2. Commencement**

The circular comes into force from November 01, 2022.

**3. Applicability**

This circular is applicable to all Regional Rural Banks (RRBs).

(Prakash Baliarsingh)  
Chief General Manager

More details can be referred to in the below link.

Reference Link:<https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12407&fn=2&Mode=0>

**Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial years 2022-23 and 2023-24**

RBI/2022-23/139  
FIDD.CO.FSD.BC.No.13/05.02.001/2022-23

November 23, 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 years 2022-23 and 2023-24**

Please refer to our [circular FIDD.CO.FSD.BC.No.3/05.02.001/2022-23 dated April 28, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12302&Mode=0) conveying the decision of the Government of India for continuation of the Modified Interest Subvention Scheme for short term loans for agriculture and allied activities for the year 2021-22.

2. In this regard, it is advised that Government of India has approved the continuation of the Interest Subvention Scheme (ISS) with modification for the financial years 2022-23 and 2023-24 with the following stipulations:

(i) 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 years 2022-23 and 2023-24, it has been decided to provide interest subvention 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 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 years 2022-23 and 2023-24 will be as follows:

|  |  |  |
| --- | --- | --- |
| **Financial Year** | **Lending rate to farmers** | **Rate of Interest Subvention to Lending Institutions** |
| 2022-23 | 7% | 1.50% |
| 2023-24 | 7% | 1.50% |

Yours faithfully,

(Nisha Nambiar)  
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12411&Mode=0>

**Inclusion of Goods and Service Tax Network (GSTN) as a Financial Information Provider under Account Aggregator Framework**

RBI/2022-23/140  
DoR.FIN.REC.82/03.10.123/2022-23

November 23, 2022

To All Regulated Entities of the Bank

Madam/Dear Sir,

**Inclusion of Goods and Service Tax Network (GSTN) as a Financial Information Provider under Account Aggregator Framework**

Please refer to the [Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016 dated September 02, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10598).

2. With a view to facilitate cash flow-based lending to MSMEs, it has been decided to include Goods and Services Tax Network (GSTN) as a Financial Information Provider (FIP) under the Account Aggregator (AA) framework. Department of Revenue shall be the regulator of GSTN for this specific purpose and Goods and Services Tax (GST) Returns, viz. Form GSTR-1 and Form GSTR-3B, shall be the Financial Information.

3. Accordingly, the select instructions contained in the Master Direction referred to above have been amended, as detailed in the [Annex](https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12412&Mode=0#AN1).

Yours faithfully,

(J.P. Sharma)  
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12412&Mode=0>

**Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures**

RBI/2022-23/154  
DoR.FIN.REC.90/20.16.056/2022-23

December 13, 2022

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)  
All Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks  
All-India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NaBFID)  
All Non-Banking Financial Companies (including Housing Finance Companies)  
All Credit Information Companies

Madam/Dear Sir,

**Data Format for Furnishing of Credit Information to Credit Information Companies and other Regulatory Measures**

Please refer to the [circular DBOD.No.CID.BC.127/20.16.056/2013-14 dated June 27, 2014](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=8968&Mode=0), inter alia setting out a Uniform Credit Reporting Format for reporting credit information to the Credit Information Companies (CICs).

2. It is clarified that cases admitted with National Company Law Tribunal (NCLT)/National Company Law Appellate Tribunal (NCLAT) under the Insolvency and Bankruptcy Code, 2016 are also required to be reported under the suit-filed cases in reporting to the CICs.

3. Credit Institutions (CIs) shall ensure implementation of this circular latest by February 28, 2023.

Yours faithfully

(J.P. Sharma)  
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://m.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=12425>