**DIPLOMA IN URBAN COOPERATIVE BANKING**

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| **Sr. No.** | **RBI Notifications** |
| 1 | Safe Deposit Locker/Safe Custody Article Facility provided by banks |
| 2 | Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 - Disclosures for State Co-operative Banks and Central Co-operative Banks |
| 3 | Revised Regulatory Framework for Urban Co-operative Banks (UCBs) - Net Worth and Capital Adequacy |
| 4 | Master Circular on Credit Facilities to Minority Communities |
| 5 | Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs) |
| 6 | Master Circular - Guarantees, Co-Acceptances & Letters of Credit - UCBs |
| 7 | Master Direction - Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Primary (Urban) Co-operative Banks) Directions, 2023 |
| 8 | Master Direction - Facility for Exchange of Notes and Coins (Updated as on May 15, 2023) |
| 9 | Master Direction on Counterfeit Notes, 2023 - Detection, Reporting and Monitoring |
| 10 | Master Circular - Housing Finance for UCBs |
| 11 | Master Circular- Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs) |
| 12 | Provisioning for standard assets by primary (Urban) co-operative banks - revised norms under four-tiered regulatory framework |
| 13 | General Credit Card (GCC) Facility - Review |
| 14 | Master Circular - Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) |
| 15 | Amendment to the Master Direction (MD) on KYC |
| 16 | Amendment to the Master Direction (MD) on KYC - Instructions on Wire Transfer |
| 17 | Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters – UCBs |
| 18 | Framework for Compromise Settlements and Technical Write-offs |
| 19 | Guidelines on Default Loss Guarantee (DLG) in Digital Lending |
| 20 | 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 |

**Safe Deposit Locker/Safe Custody Article Facility provided by banks**

RBI/2022-23/168
CO.CEPD.PRS.No.S1233/13-01-018/2022-2023

January 23, 2023

All Commercial Banks (including RRBs,
Small Finance Banks, Payment Banks
and Local Area Banks)
All Co-operative Banks

**Safe Deposit Locker/Safe Custody Article Facility provided by banks**

Please refer to the [RBI circular DOR.LEG.REC/40/09.07.005/2021-22 dated August 18, 2021](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0) on the captioned subject.

2. In terms of paragraph 2.1.1 of the said circular, banks were required to renew their locker agreements with existing locker customers by January 1, 2023. However, it has come to the notice of the Reserve Bank that large number of customers are yet to execute the revised agreement and are facing difficulties in doing the same. In many cases, the banks are yet to inform the customers about the need for renewal of agreements before January 1, 2023. Further, there is a need for revision in the Model Agreement drafted by the Indian Banks’ Association (IBA) to fully comply with the revised instructions.

3. Considering the above aspects, the deadline for banks is being extended in a phased manner to December 31, 2023. Banks are advised to notify all their customers of the revised requirements by April 30, 2023 and ensure that at least 50 per cent and 75 per cent of their existing customers have executed the revised agreements by June 30 and September 30, 2023 respectively. Banks shall report the status of compliance with these instructions on the [DAKSH](https://prism.rbi.org.in/DAKSH/portal/#/login) supervisory portal of the Reserve Bank on a monthly basis.

4. IBA is being advised separately to review and revise the Model Agreement to ensure that it complies with the requirements of [circular dated August 18, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0) and circulate a revised version to all banks by February 28, 2023. There may be instances, where the revised agreements already executed in pursuance of [circular dated August 18, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12146&Mode=0) are at variance with this revised IBA Model Agreement. In such cases, all the provisions of the said circular of the RBI, in particular Part VII thereof on compensation policy/liability of banks, shall continue to apply to banks even if not explicitly stated in the agreements already executed. Further, in such cases, banks shall have the option to execute fresh agreements or revise them through supplementary agreements. The cost of stamp paper in such cases may be borne by the banks.

5. Banks are advised to facilitate execution of the fresh/supplementary stamped agreements with their customers by taking measures such as arranging stamp papers, franking, electronic execution of agreement, e-stamping, etc. and provide a copy of the executed agreement to the customer. Where operations in lockers have been frozen for non-execution of agreement by January 1, 2023, the same should be unfrozen with immediate effect.

Yours faithfully,

(Anupam Sonal)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12443&Mode=0>

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

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

February 20, 2023

Madam / Dear Sir,

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

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

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

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

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

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12457&Mode=0>

**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 on Credit Facilities to Minority Communities**

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

April 01, 2023

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

Madam/ Dear Sir,

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

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

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

Encl: As above

More details can be referred to in the below link.

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

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

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

April 01, 2023

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

Madam / Dear Sir,

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

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

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

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

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

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

April 1, 2023

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

Dear Sir / Madam,

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

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

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

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

**Master 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 Direction – Facility for Exchange of Notes and Coins (Updated as on May 15, 2023)**

RBI/2023-24/97
DCM (NE) No.G-2/08.07.18/2023-24

April 03, 2023
(Updated as on May 15, 2023)

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

Madam/Dear Sir,

**Master Direction – Facility for Exchange of Notes and Coins**

In exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, read with sections 28, 38, 39, 58(1) and 58(2)(q) of the Reserve Bank of India Act, 1934, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the [Directions](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12479&Mode=0#MD1) hereinafter specified.

Yours faithfully

(Sanjeev Prakash)
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=12479&Mode=0>

**Master Direction on Counterfeit Notes, 2023 - Detection, Reporting and Monitoring**

RBI/2023-24/98
DCM (FNVD)/G-1/16.01.05/2023-24

April 03, 2023

The Chairman/ Managing Director /Chief Executive Officer
All Banks

Dear Sir / Madam,

**Master Direction on Counterfeit Notes, 2023 - Detection, Reporting and Monitoring**

The Reserve Bank of India has, from time to time, issued several guidelines/ instructions/ directives to the banks on counterfeit notes.

2. A Master Direction incorporating and updating the extant guidelines /instructions/ directives on the subject has been prepared to enable banks to have all current instructions on counterfeit note at one place for reference.

3. Reserve Bank of India has issued this [Direction](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12480&Mode=0#AN) in exercise of its powers conferred under Section 35A and Section 56 of the Banking Regulation Act, 1949.

Yours faithfully,

(Sanjeev Prakash)
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=12480&Mode=0>

**Master Circular - Housing Finance for UCBs**

RBI/2023-24/15
DOR.CRE.REC.No.9/07.10.002/2023-24

April 11, 2023

All Primary (Urban) Co-operative Banks

Madam/Dear Sir,

**Master Circular - Housing Finance for UCBs**

Please refer to our [Master Circular DOR.CRE.REC.No.49/09.22.010/2022-23 dated June 23, 2022](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12344) on the captioned subject (available at RBI website <https://rbi.org.in/>[)](https://rbi.org.in/). The enclosed [Master Circular](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12488#_Master_Circular) consolidates and updates all the instructions / guidelines on the subject issued till date.

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12488>

**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>

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

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

April 24, 2023

All Primary (Urban) Co-operative Banks,

Madam / Dear Sir,

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

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

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

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

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

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

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

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

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

**General Credit Card (GCC) Facility – Review**

RBI/2023-24/19
FIDD.MSME & NFS.BC.No.06/06.02.31/2023-24

April 25, 2023

The Chairman/Managing Director/ Chief Executive Officer
Scheduled Commercial Banks (excluding Payments Banks) and
Scheduled Urban Co-operative Banks

Dear Sir / Madam

**General Credit Card (GCC) Facility – Review**

Please refer to our [Circular RPCD.MSME & NFS.BC.No.61/06.02.31/2013-14 dated December 02, 2013](https://rbi.org.in/scripts/NotificationUser.aspx?Id=8603&Mode=0) on the Revised General Credit Card (GCC) Scheme.

2. On review of the above, and in the light of the provisions contained in the [Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, dated April 21, 2022](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12300), revised instructions on GCC are as follows:

1. The GCC Scheme shall henceforth be called “General Credit Card (GCC) Facility”.
2. The instructions shall apply to all banks which are eligible to issue credit cards under the above Master Direction.
3. Individuals/entities sanctioned working capital facilities for non-farm entrepreneurial activities which are eligible for classification under the priority sector guidelines, may be issued General Credit Cards.
4. GCC shall be issued in the form of a credit card conforming to the stipulations in the above Master Direction as updated from time to time.
5. The terms and conditions of the credit facilities extended in the form of GCC shall be as per the Board approved policies of the banks, within the overall framework laid down by Reserve Bank. Guidelines on collateral free lending for micro and small units issued from time to time shall apply.
6. Bank shall adhere to the instructions on reporting GCC data as issued by RBI from time to time.

3. These instructions supersede the GCC guidelines issued in December 2013 and come into effect as on the date of this circular. Debit cards, if any, already issued under the circular of 2013 shall remain valid till their expiry/repayment of the existing credit facilities, whichever is earlier.

Yours faithfully

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12492&Mode=0>

**Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)**

RBI/2023-24/20
FIDD.GSSD.CO.BC.No.07/09.01.003/2023-24

April 26, 2023

The Chairman/Managing Director & CEO
Public Sector Banks,
Private Sector Banks (including Small Finance Banks)

Madam/Dear Sir,

**Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)**

Please refer to the [Master Circular FIDD.GSSD.CO.BC.No.09/09.01.003/2022-23 dated July 20, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12360) on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM).

2. The enclosed [Master Circular](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12493&Mode=0#MC) consolidates and updates all the instructions/guidelines on the subject issued till date and replaces the earlier Master Circular issued on the subject.

Yours faithfully,

(Nisha Nambiar)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12493&Mode=0>

**Amendment to the Master Direction (MD) on KYC**

RBI/2023-24/24
DOR.AML.REC.111/14.01.001/2023-24

April 28, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir/Madam,

**Amendment to the Master Direction (MD) on KYC**

Please refer to the [Master Direction (MD) on KYC dated February 25, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566), as amended from time to time, in terms of which Regulated Entities (REs) have to undertake Customer Due Diligence (CDD), as per the process laid out therein, for their customers.

2. In this regard, on a review, it has been decided to amend the MD on KYC to (a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, (b) incorporate instructions in terms of the Government Order dated January 30, 2023, titled “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)”; (c) update certain instructions in accordance with FATF Recommendations; and (d) refine certain extant instructions post review. The changes carried out in the MD in this regard are provided in [Annexure](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT2428042023_AN.pdf).

3. Accordingly, the relevant Sections of the [MD on KYC](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566) are hereby amended to reflect the changes furnished in Annexure. The amended provisions in the MD shall come into force with immediate effect.

Yours faithfully,

(Santosh Kumar Panigrahy)
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=12497&Mode=0>

**Amendment to the Master Direction (MD) on KYC – Instructions on Wire Transfer**

RBI/2023-24/25
DOR.AML.REC.13/14.01.001/2023-24

May 4, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir/Madam,

**Amendment to the Master Direction (MD) on KYC – Instructions on Wire Transfer**

Please refer to the [Master Direction (MD) on KYC dated February 25, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566), as amended from time to time, in terms of which Regulated Entities (REs), inter alia, have to undertake certain measures while dealing with the Wire Transfer.

2. In this regard, on a review, it has been decided to amend the MD on KYC to update the instructions on Wire Transfer (Section 64 of the MD), also aligning the same with the relevant FATF Recommendation. The amended instructions of Section 64 of the MD on KYC are provided in the [annexure](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT2504052023_AN.pdf) for reference. Further, definitions of the relevant terms used in the amended Wire Transfer instructions are being added in Section 2 (“Definitions”) of the MD on KYC.

3. The amended provisions shall come into force with immediate effect.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

Enclosure: As above

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12498&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>

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

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

June 08, 2023

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

Madam/Dear Sir,

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

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

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

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

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

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

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

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

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

More details can be referred to in the below link.

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