**ADVANCED BANK MANAGEMENT**

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**Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions**

RBI/2023-24/105  
DOR.SOG (LEG).REC/64/09.08.024/2023-24

January 1, 2024

Madam / Dear Sir

**Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions**

As per extant instructions, the credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014, are required to be transferred by banks to DEA Fund maintained by the Reserve Bank of India.

2. As a measure to assist the account holders and with a view to consolidating and rationalising the extant instructions on inoperative accounts, a review was carried out in consultation with all stakeholders. Based on the review, it has been decided to issue comprehensive guidelines on the measures to be put in place by the banks covering various aspects of classifying accounts and deposits as inoperative accounts and unclaimed deposits, as the case may be, periodic review of such accounts and deposits, measures to prevent fraud in such accounts/deposits, grievance redressal mechanism for expeditious resolution of complaints, steps to be taken for tracing the customers of inoperative accounts/ unclaimed deposits including their nominees/ legal heirs for re-activation of accounts, settlement of claims or closure and the process to be followed by them. These instructions (provided in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12589&Mode=0#AS)) are expected to complement the ongoing efforts and initiatives taken by banks and the Reserve Bank, to reduce the quantum of unclaimed deposits in the banking system and return such deposits to their rightful owners/ claimants.

3. These instructions are issued in exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949 read with Sections 26A, 51 and 56 of the Act ibid and all other provisions of this Act or any other laws enabling Reserve Bank to issue instructions in this regard.

4. This circular is applicable to all Commercial Banks (including RRBs) and all Co-operative Banks.

5. The revised instructions shall come into effect from **April 1, 2024**.

Yours faithfully

(Sunil T S Nair)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12589&Mode=0>

**Credit/Investment Concentration Norms – Credit Risk Transfer**

RBI/2023-24/112  
DOR.CRE.REC.70/21.01.003/2023-24

January 15, 2024

All Non-Banking Financial Companies including Housing Finance Companies

Madam/ Dear Sir,

**Credit/Investment Concentration Norms – Credit Risk Transfer**

Please refer to the following instructions, as amended from time to time: (i) paragraphs 32, 91 and 110.4.2 of [Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12550) (“MD on NBFC”); and (ii) paragraph 20 of [Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12030) (“MD on HFC”).

2. The guidelines on Large Exposures Framework (LEF) are applicable to NBFC-Upper Layer (NBFC-UL) in terms of paragraph 110 of the MD on NBFC. The NBFC-Base Layer (NBFC-BL) and NBFC-Middle Layer (NBFC-ML) are, however, governed by the credit/investment concentration norms prescribed at paragraphs 32 and 91 of the MD on NBFC, paragraph 20 of MD on HFC and [circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0). In order to ensure uniformity and consistency in computation of concentration norms among NBFCs, a review of the extant concentration norms has been carried out and it has been decided as under:

**A. Regulations for NBFC-ML**

**3. Computation of exposure – Credit Risk Transfer Instruments**

Aggregate exposure to a counterparty comprising both on and off-balance sheet exposures are calculated based on the method prescribed for capital computation in MD on NBFC and MD on HFC; i.e., on-balance sheet exposures are reckoned at the outstanding amount[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12598&Mode=0#FN1) while the off-balance sheet exposures are converted into credit risk equivalent by applying the credit conversion factor prescribed under capital requirements. Further, as per Annex XIV of the MD on NBFC, credit default swaps (CDS) are currently allowed as credit risk transfer instruments for offsetting exposure to the underlying counterparty. Henceforth, the exposures of NBFC-ML shall also be offset with credit risk transfer instruments listed below:

1. Cash margin/caution money/security deposit held as collateral on behalf of the borrower against the advances for which right to set off is available;
2. Central Government guaranteed claims which attract 0 per cent risk weight for capital computation;
3. State Government guaranteed claims which attract 20 per cent risk weight for capital computation[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12598&Mode=0#FN2);
4. Guarantees issued under the Credit Guarantee Schemes of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) and individual schemes under National Credit Guarantee Trustee Company Ltd (NCGTC) subject to meeting the conditions of [circular on ‘Review of Prudential Norms – Risk Weights for Exposures guaranteed by Credit Guarantee Schemes (CGS)’ dated September 07, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12384&Mode=0), as amended from time to time.

Provided that to be eligible as a credit risk transfer instrument, guarantees shall be direct, explicit, irrevocable and unconditional.

**4. Exemptions from credit/investment concentration norms**

In addition to the exposures already exempted from credit/investment concentration norms in terms of paragraph 91 of MD on NBFC and paragraph 20 of MD on HFC, exposures listed below shall also be exempt from credit/investment concentration norms:

1. Exposure to the Government of India and State Governments which are eligible for zero percent risk weight under capital regulations applicable to NBFC[3](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12598&Mode=0#FN3);
2. Exposure where the principal and interest are fully guaranteed by the Government of India[3](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12598&Mode=0#FN3).

5. **Disclosure:** The exposures where the NBFC has exceeded the prudential exposure limits during the year are required to be disclosed in the Notes to Accounts in the annual financial statements, presently as per paragraph 3.5.4 of Annex XXII of the MD on NBFC and paragraph 3.7.4 of Annex IV of the MD on HFC. Henceforth, computation of exposure limit for disclosure requirements shall be reckoned as per paragraphs 3 and 4 of this circular.

**B. Regulations for NBFC-BL**

6. NBFC-BL shall put in place an internal Board approved policy for credit/investment concentration limits for both single borrower/party and single group of borrowers/parties. Computation of exposure shall be on similar lines as that for NBFC-ML as given at paragraphs 3 and 4 of this circular.

**C. Regulations for NBFC-UL**

7. A reference is drawn to paragraph 110.4.2 of MD on NBFC which lists out the credit risk transfer instruments. It is clarified that to be eligible as a credit risk transfer instrument, guarantees shall be direct, explicit, irrevocable and unconditional.

8. The above instructions shall come into force from the date of issuance of the circular.

9. All other terms and conditions for LEF and credit/investment concentration norms shall continue as per the extant instructions.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12598&Mode=0>

**Master Circular- Exposure Norms and Statutory / Other Restrictions - UCBs**

RBI/2023-24/114  
DoR.CRE.REC.71/07.10.002/2023-24

January 16, 2024

The Chief Executive Officers

All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

**Master Circular- Exposure Norms and Statutory / Other Restrictions - UCBs**

Please refer to [RBI Master Circular DCBR.CO.BPD. (PCB) MC No.13/13.05.000/2015-16 dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9866) on the captioned subject (available at RBI website [www.rbi.org.in](https://www.rbi.org.in/)). The updated [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12600&Mode=0#MC) consolidates all the instructions / guidelines on the subject issued till date.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12600&Mode=0>

**Review of Fixed Remuneration granted to Non-Executive Directors (NEDs)**

RBI/2023-24/121  
DoR.HGG.GOV.REC.75/29.67.001/2023-24

February 9, 2024

Dear Sir/ Madam

**Review of Fixed Remuneration granted to Non-Executive Directors (NEDs)**

Please refer to paragraph 9 of circular dated April 26, 2021 ([Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12078&Mode=0)) as per which ceiling of ₹20 lakh per annum was specified in respect of remuneration of Non-Executive Directors (NEDs), other than the Chair of the Board.

2. Considering the crucial role of NEDs in efficient functioning of bank Boards and its various Committees and in order to further enable the banks to sufficiently attract qualified competent individuals on their Boards, it has been decided to revise the aforementioned ceiling to ₹30 lakh per annum.

3. The banks are required to have suitable criteria for granting fixed remuneration to its NEDs, with the approval of its Board before any review of the extant remuneration. The Board of the bank may fix a lower amount within the ceiling limit of ₹30 lakh per annum depending upon the size of the bank, experience of the NED and other relevant factors.

4. As hitherto, private sector banks would be required to obtain regulatory approval regarding remuneration to Part-time Chairman in terms of Section 10B(1A)(i) and 35B of the Banking Regulation Act, 1949.

5. Banks are required to make disclosure on remuneration paid to the directors on an annual basis at a minimum, in their Annual Financial Statements.

**Applicability and Commencement**

6. The instructions would be applicable to all the Private Sector Banks including Small Finance Banks (SFBs) and Payment Banks (PBs) as also the wholly owned subsidiaries of Foreign Banks. The instructions would come into force with immediate effect.

**Power exercised**

7. The instructions have been issued in exercise of powers conferred by Section 35B of the Banking Regulation Act, 1949.

**Repeal**

8. The instructions on Guidelines on Compensation of Non-executive Directors of Private Sector Banks issued vide [circular DBR.No.BC.97/29.67.001/2014-15 dated June 1, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9749&Mode=0) stand repealed.

Yours faithfully

(Scenta Joy)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12607&Mode=0>

**Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024**

RBI/DoS.DSG/2023-24/110  
DoS.DSG.No.10/33.01.001/2023-24

February 27, 2024

All Commercial Banks excluding Regional Rural Banks  
All Primary (Urban) Cooperative Banks  
Select All India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NABFID)  
All Non-Banking Financial Companies (excluding Housing Finance Companies) and All Asset Reconstruction Companies

Madam/ Dear Sir,

**Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024**

Please refer to paragraph 4 of [Statement on Developmental and Regulatory Policies dated August 10, 2023](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56174). All Supervised Entities (SEs) are required to submit certain supervisory returns to the Reserve Bank as per various directions / circulars/ notifications issued by the Bank from time to time.

2. In order to create a single reference for all Supervisory Returns and to harmonize the timelines for filing of returns, all the relevant instructions have been rationalised and consolidated into a single Master Direction. In exercise of powers conferred under sub section (2) of section 27 and section 35A of the Banking Regulation Act, 1949 as amended from time to time; Section 56 of the Banking Regulation Act, 1949 and extant provisions of The Banking Regulations (Co-operative Societies) Rules, 1966; extant provisions of Chapters IIIA and IIIB of the Reserve Bank of India Act, 1934; and pursuant to section 12 A of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues this Master Direction hereinafter specified.

3. The summary of changes introduced in this Direction over the extant instructions is given in [Annex I](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A1.pdf). The list of underlying notifications / circulars which form the basis of this Master Direction and are hereby being repealed (whole or in part) is furnished in [Annex II](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A2.pdf). The set of applicable returns to be filed by SEs and the general description of the returns are compiled and presented in [Annex III](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A3.pdf), with the alternate timelines for returns submission enlisted in [Annex IV](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A4.pdf). Guidance on filing of these returns are available on Bank’s Website under the ‘Regulatory Reporting’ tab. Details of online portals for filing of applicable returns by SEs are given in [Annex V](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A5.pdf). The list of abbreviations used in this Master Direction is provided in [Annex VI](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A6.pdf).

4. It is clarified that submission of other regulatory/statutory returns will not be affected by these Directions.

Yours faithfully,

(Dr. Vijay Singh Shekhawat)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12613&Mode=0>

**Master Circular on Board of Directors - UCBs**

RBI/2024-25/01  
DoR.HGG.GOV.No.1/18.10.010/2024-25

April 1, 2024

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

Dear Sir/Madam,

**Master Circular on Board of Directors - UCBs**

Please refer to our [Master Circular DCBR.BPD (PCB/RCB) Cir.No.2/14.01.062/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9809) on the captioned subject (available at RBI website [www.rbi.org.in](https://www.rbi.org.in/)). The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12642&Mode=0#MC1) consolidates and updates all the instructions / guidelines on the subject issued till date.

Yours faithfully

(Scenta Joy)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12642&Mode=0>

**Master Circular – Housing Finance**

RBI/2024-25/11  
DOR.CRE.REC.No.07/08.12.001/2024-25

April 02, 2024

All Scheduled Commercial Banks (excluding RRBs)

Dear Sir/Madam,

**Master Circular – Housing Finance**

Please refer to the [Master Circular DOR.CRE.REC.No.06/08.12.001/2023-24 dated April 03, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12475) consolidating the instructions / guidelines issued to banks till March 31, 2023 relating to Housing Finance. Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12656&Mode=0#MC1), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12656&Mode=0#APP). It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12656&Mode=0>

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

RBI/2024-25/12  
DOR.STR.REC.8/21.04.048/2024-25

April 02, 2024

All Commercial Banks (excluding RRBs)

Madam/Dear Sir

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

Please refer to the [Master Circular DOR.STR.REC.3/21.04.048/2023-24 dated April 1, 2023](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12472) consolidating instructions / guidelines issued to banks till March 31, 2023 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

2. Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12657&Mode=0#MC), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in [Annex 5](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12657&Mode=0#ANN5). It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

Yours faithfully

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12657&Mode=0>

**Key Facts Statement (KFS) for Loans & Advances**

RBI/2024-25/18  
DOR.STR.REC.13/13.03.00/2024-25

April 15, 2024

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 and Central Co-operative Banks  
All Non-Banking Financial Companies (including Housing Finance Companies)

**Key Facts Statement (KFS) for Loans & Advances**

Please refer to our instructions on Key Facts Statement (KFS) and disclosure of Annual Percentage Rate (APR) as contained in paragraph 2 of [Circular on ‘Display of information by banks’ dated January 22, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9508&Mode=0); paragraph 6 of [Master Direction on ‘Regulatory Framework for Microfinance Loans’ dated March 14, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12256); and paragraph 5 of ‘[Guidelines on Digital Lending’ dated September 2, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0).

2. As announced in the [Statement on Developmental and Regulatory Policies dated February 8, 2024](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57276), it has been decided to harmonize the instructions on the subject. This is being done in order to enhance transparency and reduce information asymmetry on financial products being offered by different regulated entities, thereby empowering borrowers for making an informed financial decision. The harmonised instructions shall be applicable in cases of all retail and MSME term loan products extended by all regulated entities (REs).

3. For the purpose of this circular, following terms have been defined:

**(a) Key Facts** of a loan agreement between an RE/a group of REs and a borrower are legally significant and deterministic facts that satisfy basic information required to assist the borrower in taking an informed financial decision.

**(b) Key Facts Statement (KFS)** is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.

**(c) Annual Percentage Rate (APR)** is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.

**(d) Equated Periodic Instalment (EPI)** is an equated or fixed amount of repayments, consisting of both the principal and interest components, to be paid by a borrower towards repayment of a loan at periodic intervals for a fixed number of such intervals; and which result in complete amortisation of the loan. EPIs at monthly intervals are called EMIs.

Other words and expressions not defined above, but used in this circular, shall have the same meaning as assigned to them under the [Master Direction on Interest Rate on Advances (2016)](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10295) as updated from time to time or any other relevant regulation issued by the Reserve Bank.

4. REs shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the [**Annex A**](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_A.pdf). The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same.

5. Further, the KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12663&Mode=0#F1)

*Explanation*

Validity period refers to the period available to the borrower, after being provided the KFS by the RE, to agree to the terms of the loan. The RE shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.

6. The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the RE. Illustrative examples of calculation of APR and disclosure of repayment schedule for a hypothetical loan are given in [**Annex B**](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_B.pdf)**and**[**C**](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_C.pdf)**respectively**.

7. Charges recovered from the borrowers by the REs on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the RE is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

8. Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the REs to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

9. The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

**Exemptions**

10. Credit card receivables are exempted from the provisions contained under this circular.

**Applicability and Commencement**

11. REs shall put in place the necessary systems and processes to implement the above guidelines at the earliest. In any case, all new retail and MSME term loans sanctioned on or after October 1, 2024, including fresh loans to existing customers, shall comply with the above guidelines in letter and spirit without any exception. During the interregnum, the relevant provisions on ‘KFS/Factsheet’ under the extant guidelines shall continue to remain applicable, including the ‘[Guidelines on Digital Lending](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0)’, the [Master Direction on ‘Regulatory Framework for Microfinance Loans’](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12256), and the [circular on ‘Display of Information by Banks’](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9508&Mode=0).

**Legal Provisions**

12. The above instructions 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, and sections 30A and 32 of the National Housing Bank Act, 1987.

**Repeal**

13. With the issue of these guidelines, the instructions/guidelines contained in the following circulars, issued by the Reserve Bank stand repealed.

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Circular No.** | **Date** | **Subject** |
| 1. | [DBR.Leg.No.BC.64/09.07.005/2014-15](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9508&Mode=0) | January 22, 2015 | Para 2 (b) of Circular on Display of information by banks |
| 2. | [DoR.FIN.REC.95/03.10.038/2021-22](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12256) | March 14, 2022 | Para 6.3, 6.4 & 6.5 of Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 |
| 3. | [DOR.CRE.REC.66/21.07.001/2022-23](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0) | September 02, 2022 | Para 5.1, 5.2 of Guidelines on Digital Lending |

All the repealed circulars/provisions shall be deemed to have been in force during the relevant periods, prior to the coming into effect of these directions.

Yours faithfully,

Vaibhav Chaturvedi  
(Chief General Manager)

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12663&Mode=0>

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

RBI/2024-25/19  
FIDD.CO.GSSD.BC.No.04/09.09.001/2024-25

April 16, 2024

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://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12664&Mode=0#MC) consolidates the circulars issued by Reserve Bank on the subject till date, as listed in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12664&Mode=0#APP).

Yours faithfully,

(R. Giridharan)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12664&Mode=0>

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

RBI/2024-25/24  
DOR.CRE.REC.No.17/21.04.172/2024-25

April 24, 2024

All Scheduled Commercial Banks (excluding RRBs)

Madam/ Dear Sir,

**Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

Please refer to our [Master Circular DOR.CRE.REC.No.07/21.04.172/2023-24 dated April 03, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12476) on the captioned subject. Attached is the revised Master Circular, updated to reflect all instructions issued as on date on the above matter, as listed in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12670&Mode=0#AP). It may be noted that this [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12670&Mode=0#MC) only consolidates all instructions on the above matter issued up to April 23, 2024 and does not contain any new instructions/guidelines.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12670&Mode=0>

**Fair Practices Code for Lenders – Charging of Interest**

RBI/2024-25/30  
DoS.CO.PPG.SEC.1/11.01.005/2024-25

April 29, 2024

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,

**Fair Practices Code for Lenders – Charging of Interest**

The guidelines on Fair Practices Code issued to various Regulated Entities (REs) since 2003, inter-alia, advocate fairness and transparency in charging of interest by the lenders, while providing adequate freedom to REs as regards their loan pricing policy.

2. During the course of the onsite examination of REs for the period ended March 31, 2023, the Reserve Bank came across instances of lenders resorting to certain unfair practices in charging of interest. Some of the unfair practices observed are briefly explained below:

1. Charging of interest from the date of sanction of loan or date of execution of loan agreement and not from the date of actual disbursement of the funds to the customer. Similarly, in the case of loans being disbursed by cheque, instances were observed where interest was charged from the date of the cheque whereas the cheque was handed over to the customer several days later.
2. In the case of disbursal or repayment of loans during the course of the month, some REs were charging interest for the entire month, rather than charging interest only for the period for which the loan was outstanding.
3. In some cases, it was observed that REs were collecting one or more instalments in advance but reckoning the full loan amount for charging interest.

3. These and other such non-standard practices of charging interest are not in consonance with the spirit of fairness and transparency while dealing with customers. These are matters of serious concern to the Reserve Bank. Wherever such practices have come to light, RBI through its supervisory teams has advised REs to refund such excess interest and other charges to customers. REs are also being encouraged to use online account transfers in lieu of cheques being issued in a few cases for loan disbursal.

4. Therefore, in the interest of fairness and transparency, all REs are directed to review their practices regarding mode of disbursal of loans, application of interest and other charges and take corrective action, including system level changes, as may be necessary, to address the issues highlighted above.

5. This circular takes immediate effect.

Yours faithfully,

(Tarun Singh)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12678&Mode=0>

**Priority Sector Lending – Amendments to the Master Directions**

RBI/2024-25/44  
FIDD.CO.PSD.BC.No.7/04.09.01/2024-25

June 21, 2024

The Chairman / Managing Director/  
Chief Executive Officer  
[All Commercial Banks including Regional Rural Banks,  
Small Finance Banks, Local Area Banks and  
Primary (Urban) Co-operative Banks other than Salary Earners’ Banks]

Madam/ Dear Sir,

**Priority Sector Lending – Amendments to the Master Directions**

Please refer to [Master Directions (MD) on Priority Sector Lending (PSL) dated September 04, 2020](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959) as updated from time to time. The following paras of the Directions stand amended in view of factors detailed thereunder.

**2. Para 7 - Adjustments for weights in PSL Achievement:**

The MD specifies that the lists of districts with comparatively high and low PSL credit detailed in Annex IA and IB of the MD are valid until FY 2023-24 subject to review thereafter. Based on a review, the lists of districts have been updated. These lists will remain valid until FY 2026-27 and will be reviewed thereafter. Accordingly, from FY 2024-25 onwards, a higher weight (125%) would be assigned to the incremental priority sector credit in the identified districts where the credit flow is comparatively lower (per capita PSL less than ₹9,000), and a lower weight (90%) would be assigned for incremental priority sector credit in the identified districts where the credit flow is comparatively higher (per capita PSL greater than ₹42,000). Therefore, [para 7 of the MD on PSL](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959#Adjustments) has been updated as mentioned above.

**3. Para 9 - Micro, Small & Medium Enterprises:**

The definition of MSMEs has been referenced to the [Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11060), for clarity.

**4. Para 27 - Monitoring of Priority Sector Lending targets:**

The MD specifies that UCBs shall furnish data on priority sector advances in the reporting formats ‘Statement I’ and ‘Statement II (Part A to D)’ at quarterly and annual intervals, to the Regional Offices of DoS, RBI. This provision has been repealed in terms of [Master Direction - Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024 (MD on FSR) dated February 27, 2024](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12613). The applicable return for reporting PSL data by UCBs has been prescribed at Sl. No. 61 of Annex III of the MD on FSR. Accordingly, para 27 of MD as applicable to UCBs has been updated.

5. The relevant amendments made in the MD on PSL are detailed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12694&Mode=0#ANN).

6. The [Master Directions](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959) and [FAQs](https://www.rbi.org.in/Scripts/FAQDisplay.aspx?Id=87) on Priority Sector Lending on the Bank’s website have been updated accordingly.

Yours faithfully,

(Nisha Nambiar)  
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12694&Mode=0>