**BANK FINANCIAL MANAGEMENT**

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**Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024**

RBI/FMRD/2023-24/109  
FMRD.DIRD.09/14.02.001/2023-24

January 03, 2024

To

All Eligible Market Participants

Madam/Sir

**Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024**

Please refer to paragraph 6 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47226), announced as a part of the [second Bi-monthly Monetary Policy Statement for 2019-20 dated June 06, 2019](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225) regarding Comprehensive Review of Money Market Directions. Accordingly, the draft Directions on Call, Notice and Term Money, Certificate of Deposit and the Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year markets were released for market feedback on [December 04, 2020](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50761). The [Master Direction - Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12061) and the [Master Direction – Reserve Bank of India (Certificate of Deposit) Directions, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12108) were issued on April 01, 2021 and June 04, 2021 respectively.

2. [The Directions](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12592&Mode=0#ANN1) on Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year have been reviewed based on market feedback and the Master Direction - Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024 are being issued herewith.

3. These Directions have been issued in exercise of the powers conferred under section 45J, 45K, 45L and 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.

Yours faithfully,

(Dimple Bhandia)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12592&Mode=0>

**Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk**

RBI/2023-24/108  
A. P. (DIR Series) Circular No. 13

January 5, 2024

Authorised Persons

Madam / Sir,

**Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk**

Please refer to paragraph 1 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56889), issued as a part of the [Bi-monthly Monetary Policy Statement for 2023-24 dated December 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56888) on review of the regulatory framework for hedging of foreign exchange risks. Attention of Authorised Persons is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 03, 2000 ([Notification No. FEMA.25/RB-2000 dated May 03, 2000](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12100&Mode=0)), as amended from time to time and [Master Direction – Risk Management and Inter-Bank Dealings dated July 05, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time.

2. The Foreign Exchange Management (Foreign Exchange Derivative Contracts) (First Amendment) Regulations, 2020 ([Notification no. FEMA.398/RB-2020 dated February 18, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11861&Mode=0#A_3)) and [A. P. (DIR Series) circular no. 29 dated April 07, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11861&Mode=0) (which came into effect from September 01, 2020) were issued after a comprehensive review and public consultation. The foreign exchange risk management facilities have been further reviewed based on the feedback received from market participants and experience gained since the revised framework came into force. Also, the Directions in respect of all types of foreign exchange transactions (including cash, tom and spot) have been consolidated. Further, the Directions contained in the Currency Futures (Reserve Bank) Directions, 2008 ([Notification No. FED.1/DG(SG)-2008 dated August 06, 2008](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=4410&Mode=0#fed1)), as amended from time to time, and Exchange Traded Currency Options (Reserve Bank) Directions, 2010 ([Notification No. FED.01/ED(HRK)-2010 dated July 30, 2010](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=5913&Mode=0)), as amended from time to time, are now being incorporated in the [Master Direction – Risk Management and Inter-Bank Dealings](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485).

3. The revised Directions are provided at [Annex-I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12594&Mode=0#ANI) to this circular. **These Directions shall come into effect from April 05, 2024,** replacing the existing Directions in Part A (Section I) of the [Master Direction – Risk Management and Interbank Dealings dated July 5, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time, and in supersession of the notifications listed in the [Annex-II](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12594&Mode=0#ANII).

4. Authorised Persons shall mean Authorised Dealer Category - I banks and for the purpose of exchange traded currency derivatives, Recognised Stock Exchanges and Recognised Clearing Corporations, authorised under Section 10 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

5. The Directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and Section 45W of the Reserve Bank of India, 1934 (02 of 1934) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(Dimple Bhandia)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12594&Mode=0>

**Guidelines on import of gold by Tariff Rate Quota (TRQ) holders under the India-UAE CEPA as notified by–The International Financial Services Centres Authority (IFSCA)**

RBI/2023-24/118  
A.P. (DIR Series) Circular No.14

January 31, 2024

To

All Category-I Authorised Dealer Banks

Madam/Sir,

**Guidelines on import of gold by Tariff Rate Quota (TRQ) holders under the India-UAE CEPA as notified by–The International Financial Services Centres Authority (IFSCA)**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to [A.P. (DIR Series) Circular No.04 dated May 25, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0), in terms of which AD Category-I banks have been permitted to remit advance payment on behalf of Qualified Jewellers as notified by International Financial Services Centres Authority (IFSCA) for eleven days for import of gold through India International Bullion Exchange IFSC Ltd (IIBX).

2. Further, attention of AD Category-I banks is invited to Notification No.44/2023 dated November 20, 2023 issued by DGFT, in terms of which, valid Tariff Rate Quota (TRQ) holders under the India-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA) as notified by the IFSCA have been permitted to import gold under specific ITC(HS) codes through IIBX against the Tariff Rate Quota (TRQ).

3. Accordingly, it has been decided that subject to the directions as mentioned in [A.P. (DIR Series) Circular No.04 dated May 25, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0), AD Category-I banks may allow valid TRQ holders under the India-UAE CEPA to remit advance payment for eleven days for import of gold through IIBX against the TRQ.

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

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

Yours faithfully,

(Puneet Pancholy)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12604&Mode=0>

**Participation of Indian Banks on India International Bullion Exchange IFSC Limited (IIBX)**

RBI/2023-24/120  
DoR.AUT.REC.74/24.01.041/2023-24

February 09, 2024

All Scheduled Commercial Banks

Madam/Dear Sir,

**Participation of Indian Banks on India International Bullion Exchange IFSC Limited (IIBX)**

Please refer to the circular [Branches of Indian Banks operating in GIFT-IFSC – acting as Professional Clearing Member (PCM) of India International Bullion Exchange IFSC Limited (IIBX) dated June 07, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12330&Mode=0). On review, it has been decided to additionally allow:

a) Branch/subsidiary/joint venture of an Indian bank in GIFT-IFSC to act as a Trading Member (TM)/Trading and Clearing Member (TCM) of IIBX, and

b) Indian banks authorized to import gold/silver to act as Special Category Client[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12606&Mode=0#FN1) (SCC) of IIBX.

The detailed instructions in this regard are at [ANNEX](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12606&Mode=0#ANN) to this Circular.

2. These instructions are issued in exercise of the powers conferred on the Reserve Bank of India under Section 35A of the Banking Regulation Act, 1949. In the event of non-compliance with extant guidelines, or if the Reserve Bank is satisfied that it is necessary and expedient in the public interest to do so, it may issue further necessary directions (including revocation of approval) and/or impose additional conditions, as it deems fit.

**Commencement**

3. The provisions contained in the circular shall be effective from the date of this circular.

**Applicability**

4. This circular is applicable to all Scheduled Commercial Banks (other than Regional Rural Banks).

Yours faithfully,

(Manoranjan Padhy)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12606&Mode=0>

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

RBI/2023-24/124  
DOR.STR.REC.78/04.02.001/2023-24

February 22, 2024

All Scheduled Commercial Banks (excluding RRBs),  
Primary (Urban) Cooperative Banks & State Cooperative Banks (scheduled banks having AD category-I license), and  
Exim Bank

Dear Sir / Madam,

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

Please refer to the instructions issued vide [circulars No. DOR.STR.REC.93/04.02.001/2021-22 dated March 8, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12252&Mode=0) and [DOR.STR.REC.39/04.02.001/2022-23 dated May 31, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12327&Mode=0).

2. Government of India has allowed for extension of the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit ('Scheme') up to June 30, 2024. The rate of interest equalization shall be 2% for Manufacturers and Merchant Exporters exporting under specified 410 HS lines and 3% to the MSME manufacturers exporting under any HS line.

3. Further, Government has advised the following modifications to the scheme:

1. **Average interest rate:** With effect from FY 2023-24, the banks which have priced the loans covered under this scheme at an average interest rate of greater than Repo Rate + 4% prior to subvention would be subjected to certain restrictions under the scheme. Based on an assessment undertaken for FY 2023-24, Director General of Foreign Trade (DGFT) will identify the banks which are in breach of the above provision. Such banks shall be restricted from participating in the scheme till they furnish an undertaking (in the format as enclosed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12610&Mode=0#Annex)) to DGFT. Any further breach as assessed by DGFT thereafter may lead to debarment from the scheme.
2. **Cap on subvention amount:** The annual net subvention amount has been already capped at Rs 10 Cr per Importer-Exporter Code (IEC) in a given financial year and the same has been communicated to the trade & industry and banks vide DGFT Trade Notice No.05 dated May 25, 2023. Accordingly, all disbursement from April 1, 2023 shall be reckoned for this purpose.

4. All other provisions of the aforesaid circulars shall remain unchanged.

Yours faithfully

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12610&Mode=0>

**Capital Adequacy Guidelines – Review of Trading Book**

RBI/2023-24/128  
DOR.MRG.REC.80/00-00-003/2023-24

February 28, 2024

All Commercial Banks  
(excluding Regional Rural Banks)

Dear Sir / Madam,

**Capital Adequacy Guidelines – Review of Trading Book**

Please refer to [Master Circular – Basel III Capital Regulations dated May 12, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12504), and [Master Direction – Prudential Norms on Capital Adequacy for Local Area Banks (Directions), 2021 dated October 26, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12182) (hereinafter together referred to as ‘capital adequacy guidelines’).

2. As you are aware, the [Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12534) (hereinafter referred as ‘MD on Investment’) inter alia provides a clearly identifiable trading book under ‘Held for Trading (HFT)’ accounting sub-classification and introduces AFS-reserve which would be part of regulatory capital. In view of the changes cited above, it has been decided to amend the capital adequacy guidelines in alignment with the MD on Investment.

3. Accordingly, the provisions of [Master Circular – Basel III Capital Regulations](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12504) have been modified as provided in [Annex 1](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CapitalAdequacy28022024_Annex1.pdf).

4. It may be noted that ‘[Draft Guidelines on Minimum Capital Requirements for Market Risk – under Basel III](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55243)’ providing inter alia ‘Definition of trading book’ and ‘Market Risk capital Requirements – Simplified Standardised Approach’ were released on February 17, 2023 for public comments. While the revised definition of trading book for the purpose of capital adequacy will be as provided in Annex I of MD on Investment, the final guidelines on ‘Market Risk Capital Requirements – Simplified Standardised Approach’ will be implemented at a later date and detailed guidelines will be issued separately.

5. Considering the transition to ‘Market Risk Capital Requirements – Simplified Standardised Approach’, the extant market risk capital requirements have also been recalibrated by introducing intermediate scalers. Banks should keep this in view while reviewing their strategies and capital planning measures.

6. Further, the provisions of [Master Direction – Prudential Norms on Capital Adequacy for Local Area Banks (Directions), 2021](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12182) have been modified as provided in [Annex 2](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CapitalAdequacy28022024_Annex2.pdf).

**Applicability**

7. These instructions shall be applicable from April 1, 2024 to all Commercial Banks (excluding Regional Rural Banks).

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12615&Mode=0>

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

RBI/2024-25/03  
DOR.STR.REC.2/13.07.010/2024-25

April 1, 2024

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.5/13.07.010/2023-24 dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12471) consolidating the instructions / guidelines issued to banks till March 31, 2023, relating to Guarantees and Co-acceptances. Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12644&Mode=0#MC), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the [Annex 2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12644&Mode=0#Annex2). 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=12644&Mode=0>

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

RBI/2024-25/04  
DoR.STR.REC.3/09.27.000/2024-25

April 01, 2024

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.4/09.27.000/2023-24 dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12469) on the captioned subject (available at RBI website <https://rbi.org.in/>). Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0#MC), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0#ANN). 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=12647&Mode=0>

**Master Circular – Basel III Capital Regulations**

RBI/2024-25/08  
DOR.CAP.REC.4/21.06.201/2024-25

April 01, 2024

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

Madam / Dear Sir,

**Master Circular – Basel III Capital Regulations**

Please refer to the [Master Circular No. DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12504), consolidating therein the prudential guidelines on Basel III capital adequacy issued to banks till that date.

2. The instructions contained in the aforesaid [Master Circular](https://rbidocs.rbi.org.in/rdocs/content/pdfs/08MC01042024_A.pdf) have been suitably updated / amended by incorporating relevant guidelines, issued as on date. A list of circulars consolidated in this Master Circular is contained in Annex 26.

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

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12652&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>

**Hedging of Gold Price Risk in Overseas Markets**

RBI/2024-25/17  
A. P. (DIR Series) Circular No. 01

April 15, 2024

All Authorised Dealer Category – I Banks

Madam / Sir,

**Hedging of Gold Price Risk in Overseas Markets**

Please refer to Paragraph 2 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57276) announced as a part of the [Bi-monthly Monetary Policy Statement for 2023-24 dated February 08, 2024](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57275), regarding hedging of price risk of gold in overseas markets. Attention is also invited to the [Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427).

2. Resident entities were permitted to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC) recognised by the International Financial Services Centres Authority (IFSCA) vide [A. P. (DIR Series) Circular No. 19 dated December 12, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12423&Mode=0). To provide further flexibility to resident entities to hedge their exposures to price risk of gold, it has now been decided to permit resident entities to hedge their exposures to price risk of gold using OTC derivatives in the IFSC in addition to the derivatives on the exchanges in the IFSC, subject to the stipulations set out in the [Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427), as amended from time to time.

3. These instructions shall be applicable with immediate effect. The [Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427) has been updated accordingly.

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

Yours faithfully,

(Dimple Bhandia)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12662&Mode=0>

**Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024**

**No. FEMA. 395(2)/2024-RB**

**April 23, 2024**

**Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024**

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and consequent to the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, the Reserve Bank of India hereby makes the following amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 [[Notification No. FEMA.395/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11723&Mode=0)] (hereinafter referred to as ‘the Principal Regulations’) namely:-

**1. Short Title & Commencement**

(i) These Regulations may be called the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024.

 (ii) They shall come into force from the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/Content/PDFs/FEMA395(2)_25042024.PDF).

**2. Amendment to Regulation 3.1 of the Principal Regulations**

In Regulation 3.1 of the Principal Regulations, after Sl no. IX, the following shall be inserted namely: -

|  |  |
| --- | --- |
| **X. Schedule XI  (Purchase or Subscription of Equity Shares of Companies Incorporated in India on International Exchanges Scheme by Permissible Holder)** | **A. Mode of Payment**  (1) The amount of consideration for purchase / subscription of equity shares of an Indian company listed on an International Exchange shall be paid, -  (i) through banking channels to a foreign currency account of the Indian company held in accordance with the [Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10457&Mode=0), as amended from time to time; or  (ii) as inward remittance from abroad through banking channels.  Explanation: The proceeds of purchase / subscription of equity shares of an Indian company listed on an International Exchange shall either be remitted to a bank account in India or deposited in a foreign currency account of the Indian company held in accordance with the [Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10457&Mode=0), as amended from time to time. **B. Remittance of sale proceeds**  The sale proceeds (net of taxes) of the equity shares may be remitted outside India or may be credited to the bank account of the permissible holder maintained in accordance with the [Foreign Exchange Management (Deposit) Regulations, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10325&Mode=0). |

**3. Amendment to Regulation 4 of the Principal Regulations**

In sub-regulation (8) of Regulation 4 of the Principal Regulations, the existing provision shall be substituted by the following, namely:

“LEC(FII): (i) The Authorised Dealer Category I banks shall report to the Reserve Bank in Form LEC (FII) the purchase / transfer of equity instruments by FPIs on the stock exchanges in India.

(ii) The Investee Indian company through an Authorised Dealer Category I bank shall report to the Reserve Bank in Form LEC (FII) the purchase/subscription of equity shares (where such purchase / subscription is classified as Foreign Portfolio Investment under the rules) by permissible holder, other than transfers between permissible holders, on an International Exchange.”

(Latha Radhakrishnan)  
General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12673&Mode=0>

**Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024**

**No. FEMA. 10(R)(3)/2024-RB**

**April 23, 2024**

**Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024**

In exercise of the powers conferred by Section 9 and clause (e) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 ([Notification No. FEMA10(R)/2015-RB dated January 21, 2016](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10261&Mode=0)) (hereinafter referred to as 'the Principal Regulations'), namely:-

**1. Short Title & Commencement**

(i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024.

(ii) They shall come into force from the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/content/pdfs/FEMA10R(3)25042024.pdf).

**2. Amendment to Regulation 5 of the Principal Regulations**

In sub-regulation (F)(1) of Regulation 5 of the Principal Regulations, the existing provision shall be substituted by the following, namely:

“Subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) or through direct listing of equity shares of companies incorporated in India on International Exchanges, the funds so raised may, pending their utilisation or repatriation to India, be held in foreign currency accounts with a bank outside India.”

(Latha Radhakrishnan)  
General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12674&Mode=0>

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

RBI/2024-25/27  
A.P. (DIR Series) Circular No. 03

April 26, 2024

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. 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. 23 dated February 10, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12227&Mode=0);
4. [A.P. (DIR Series) Circular No. 01 dated April 19, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12295&Mode=0);
5. [Circular no. FMRD.FMID.No.04/14.01.006/2022-23 dated July 07, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12354&Mode=0);
6. [Circular no. FMRD.FMID.No. 07/14.01.006/2022-23 dated January 23, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12444&Mode=0); and
7. [Circular no. FMRD.FMID.No. 04/14.01.006/2023-24 dated November 08, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12563&Mode=0);

**3. Investment Limits for the financial year 2024-25:**

1. The limits for FPI investment in government securities (g-secs), state government securities (SGSs) and corporate bonds shall remain unchanged at 6 per cent, 2 per cent and 15 per cent respectively, of the outstanding stocks of securities for 2024-25.
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 2024-25.
4. The entire increase in limits for SGSs (in absolute terms) has been added to the ‘General’ sub-category of SGSs.

4. The revised limits (in absolute terms) for the different categories, are in [Table 1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12675&Mode=0#T1):

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Table 1: Investment limits for 2024-25** | | | | | | |
| all figures in ₹ Crore | | | | | | |
|  | **G-Sec General** | **G-Sec Long Term** | **SGS General** | **SGS Long Term** | **Corporate Bonds** | **Total Debt** |
| Current FPI limits | 2,67,890 | 1,36,890 | 92,828 | 7,100 | 6,67,871 | 11,72,578 |
| Revised limit for the HY Apr 2024-Sept 2024 | 2,68,437 | 1,37,437 | 1,05,290 | 7,100 | 7,15,687 | 12,33,951 |
| Revised limit for the HY Oct 2024-Mar 2025 | 2,68,984 | 1,37,984 | 1,17,752 | 7,100 | 7,63,503 | 12,95,322 |

5. In terms of [A.P. (DIR Series) Circular No. 23 dated February 10, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12227&Mode=0), the aggregate limit of the notional amount of Credit Default Swaps sold by FPIs shall be 5 per cent of the outstanding stock of corporate bonds. Accordingly, an additional limit of ₹2,54,500 crore is set out for 2024-25.

6. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

7. 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) without prejudice to permissions/approval, if any, required under any other law.

Yours faithfully

(Dimple Bhandia)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12675&Mode=0>

**Master Direction – Risk Management and Inter-Bank Dealings: Amendments**

RBI/2024-25/32  
A. P. (DIR Series) Circular No. 04

May 03, 2024

To,

All Authorised Persons

Madam/Sir,

**Master Direction – Risk Management and Inter-Bank Dealings: Amendments**

Attention of Authorised Persons is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 03, 2000 [[Notification no. FEMA.25/RB-2000 dated May 03, 2000](https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEDCR2000F1FAB9DD90724BB6AFC423AC418B1DBE.PDF)], as amended from time to time and [Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time (hereinafter referred as ‘Master Direction’).

2. Standalone Primary Dealers (SPDs) have been granted authorisation under Section 10(1) of the Foreign Exchange Management Act (FEMA), 1999 pursuant to [notification no. DNBR (PD) CC.No.094/03.10.001/2018-19 July 27, 2018](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11347&Mode=0). Accordingly, amendments are being made in the Master Direction to reflect the applicability of the provisions to SPDs. These amendments are placed at [Annex I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12680&Mode=0#ANN1) herewith. SPDs shall continue to comply with all applicable Directions issued by the Reserve Bank of India.

3. Additionally, directions on reporting of OTC foreign exchange derivative contracts and foreign currency interest rate derivative contracts to the Trade Repository of Clearing Corporation of India Ltd. have been updated and incorporated in Part E of the Master Direction. Certain directions on reporting relating to format, mode, timelines, etc., have also been updated and the amendments being made to the Master Direction are placed at [Annex II](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12680&Mode=0#ANN2) herewith.

4. These Directions will come into force with immediate effect and in supersession of the circulars listed at Appendix III of the Master Direction.

5. For the purpose of this circular, Authorised Persons shall mean Authorised Dealer Category-I banks and Standalone Primary Dealers authorised as Authorised Dealer Category-III under Section 10 (1) of the FEMA, 1999.

6. The directions contained in this circular have been issued under Section 45W of the Reserve Bank of India Act, 1934 and 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

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12680&Mode=0>

**Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024**

RBI/FMRD/2024-25/117  
FMRD.DIRD.01/14.01.023/2024-25

May 08, 2024

To

All eligible market participants

Madam/Sir

**Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024**

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) and initial margin (IM) for non-centrally cleared derivatives (NCCDs).

2. The [Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022 was issued on June 01, 2022](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12328) and the [draft Directions prescribing guidelines for exchange of initial margin for NCCDs were issued on June 16, 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53875). Based on the feedback received from the market participants, the draft Directions have since been finalised. The Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024 is [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12682&Mode=0#MD) herewith.

3. These Directions have been issued in exercise of the powers conferred under Section 45W of the Reserve Bank of India Act, 1934 and Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and of all the powers enabling it in this behalf.

Yours faithfully,

(Dimple Bhandia)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12682&Mode=0>

**Margin for Derivative Contracts**

RBI/2024-25/34  
A. P. (DIR Series) Circular No.05

May 08, 2024

To,  
  
The Authorised Dealers  
  
Madam/Sir,  
  
**Margin for Derivative Contracts**

Attention of Authorised Dealers is invited to the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 notified in the Gazette of India vide [notification no. FEMA.399/RB-2020 dated October 23, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12097&Mode=0), the amendment to the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 notified in the Gazette of India vide [notification no. FEMA.399(1)/2024-RB dated April 30, 2024](https://rbidocs.rbi.org.in/rdocs/content/pdfs/AmendmenttoFEMA399_08052024.pdf) and the [A. P. (DIR Series) Circular No. 10 dated February 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12028&Mode=0) on Margin for Derivative Contracts.

2. The [A. P. (DIR Series) Circular No.10 dated February 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12028&Mode=0) on Margin for Derivative Contracts were issued to allow posting and collection of margin for permitted derivative contracts between a person resident in India and a person resident outside India. The instructions have been reviewed based on market feedback and the [Reserve Bank of India (Margin for Derivative Contracts) Directions, 2024](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12683&Mode=0#DerivativeContracts) are being issued herewith.

3. These Directions shall come into force with immediate effect and shall supersede the [A. P. (DIR Series) Circular No. 10 dated February 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12028&Mode=0).

4. For the purpose of these Directions, Authorised Dealers shall mean Authorised Dealer Category-I (AD Cat-I) banks and Authorised Dealer Category – III Standalone Primary Dealers (AD Cat-III SPDs).

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

Yours faithfully,

(Dimple Bhandia)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12683&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>