**DIPLOMA IN RETAIL BANKING**

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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>

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

RBI/2023-24/107
DOR.AML.REC.66/14.01.001/2023-24

January 04, 2024

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 the extant Direction, the definition of Politically Exposed Persons (PEPs) is provided in sub-clause (xvii) of clause (a) of Section 3 of the MD on KYC. However, in order to provide better clarity, it has been decided to include the definition of PEPs as an explanation to Section 41 of the Master Direction as under:

“Explanation: For the purpose of this Section, “Politically Exposed Persons” (PEPs) are individuals who are or have been entrusted with prominent public functions **by a foreign country**, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.”

3. Consequently, the sub-clause (xvii) of clause (a) of Section 3 of the above quoted Master Direction has been removed. 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 as mentioned above.

Yours faithfully,

(Saidutta Sangram Keshari Pradhan)
General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12593&Mode=0>

**Amendment to Master Direction on Prepaid Payment Instruments**

RBI/2023-24/126
CO.DPSS.POLC.No.S1092/02-14-006/2023-2024

February 23, 2024

All Prepaid Payment Instrument Issuers (Banks and Non-banks) and System Participants

Madam / Dear Sir,

**Amendment to Master Direction on Prepaid Payment Instruments**

This has reference to the [Master Directions CO.DPSS.POLC.No.S-479/02.14.006/2021-22 dated August 27, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12156) on Prepaid Payment Instruments (MD-PPIs) (as amended from time to time), which prescribes, inter alia, the various types of PPIs which banks and non-banks can issue after obtaining necessary approval / authorisation from RBI.

2. Public transport systems across the country cater to a multitude of commuters on a daily basis. To provide convenience, speed, affordability, and safety of digital modes of payment to commuters for transit services, it has been decided to permit authorised bank and non-bank PPI issuers to issue PPIs for making payments across various public transport systems. The MD-PPIs has been updated by revising paragraph 10.2 thereof.

3. These instructions are issued under Section 18 read with Section 10 (2) of Payment and Settlement Systems Act, 2007 (Act 51 of 2007). These instructions shall come into effect immediately.

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12612&Mode=0>

**Arrangements with Card Networks for issue of Credit Cards**

RBI/2023-24/131
CO.DPSS.POLC.No.S1133/02-14-003/2023-24

March 06, 2024

The Chairman / Managing Director / Chief Executive Officer
Authorised Payment System Providers / Participants (Banks and Non-banks)

Madam / Dear Sir,

**Arrangements with Card Networks for issue of Credit Cards**

The authorised card networks tie-up with banks / non-banks for issuance of credit cards. The choice of network for a card issued to a customer is decided by the card issuer (bank / non-bank) and is linked to the arrangements that the card issuers have with card networks in terms of their bilateral agreements.

2. On a review, it is observed that some arrangements existing between card networks and card issuers are not conducive to the availability of choice for customers.

3. In exercise of the powers conferred under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007), the RBI being satisfied that it is necessary and expedient, in the interest of payment system and public interest, to do so, hereby, directs as under:

1. Card issuers shall not enter into any arrangement or agreement with card networks that restrain them from availing the services of other card networks.
2. Card issuers shall provide an option to their eligible customers to choose from multiple card networks at the time of issue.  For existing cardholders, this option may be provided at the time of the next renewal.

For the purpose of these directions, the following definitions are used:

1. Authorised card networks: American Express Banking Corp., Diners Club International Ltd., MasterCard Asia/ Pacific Pte. Ltd., National Payments Corporation of India–Rupay, and Visa Worldwide Pte. Limited.

4. Card issuers and card networks shall ensure adherence to the above requirements in:

1. existing agreements at the time of amendment or renewal thereof, and
2. fresh agreements executed.

5. The directions at 3(b) above shall not be applicable to credit card issuers with number of active cards issued by them being 10 lakh or less in number.

6. Card issuers who issue credit cards on their own authorised card network are excluded from the applicability of the circular.

7. The directions at para 3(b) above shall be effective six months from the date of this circular.

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12619&Mode=0>

**Amendment to the Master Direction - Credit Card and Debit Card – Issuance and Conduct Directions, 2022**

RBI/2023-24/132
DOR.RAUG.AUT.REC.No.81/24.01.041/2023-24

March 07, 2024

The Chairperson / Managing Director / Chief Executive Officer
Banks and Non-Banking Financial Companies

Madam / Sir,

**Amendment to the Master Direction - Credit Card and Debit Card – Issuance and Conduct Directions, 2022**

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and Chapter IIIB 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 to do so, hereby, amends certain provisions issued vide [Master Direction DoR.AUT.REC.No.27/24.01.041/2022-23 dated April 21, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12300) on ‘Credit Card and Debit Card – Issuance and Conduct Directions, 2022’.

2. The amended provisions of the Master Direction are enclosed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12620&Mode=0#AS) to this circular. [Frequently Asked Questions](https://www.rbi.org.in/Scripts/FAQDisplay.aspx?Id=167) relating to the provisions contained in the Master Direction are placed under [FAQ Section](https://www.rbi.org.in/Scripts/FAQDisplay.aspx) on the website and as an Appendix to the Master Direction.

**3. Commencement**

The amended provisions contained in this circular shall come into effect from March 07, 2024. The captioned Master Direction is hereby updated to reflect the changes effected by the below amendments.

**4. Applicability**

1. Instructions relating to credit cards shall apply to all credit card issuing Banks and Non-Banking Financial Companies (NBFCs).
2. Instructions relating to debit cards shall apply to every bank operating in India.

**(Manoranjan Padhy)**
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12620&Mode=0>

**Master Direction – Scheme of Penalties for bank branches and Currency Chests for deficiency in rendering customer service to the members of public**

RBI/DCM/2024-25/112
DCM (CC) No.G-1/03.44.01/2024-25

April 01, 2024

The Chairman / Managing Director / Chief Executive Officer
All banks

Madam / Dear Sir,

**Master Direction – Scheme of Penalties for bank branches and Currency Chests for deficiency in rendering customer service to the members of public**

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy and enhancing the operational efficiency as part of currency management. In order to ensure that all bank branches provide proper customer service, the Bank has formulated a Scheme of Penalties for bank branches including Currency Chests, for deficiency in rendering customer service to the members of public.

2. The enclosed [Master Direction](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12645&Mode=0#ANN) incorporates updated guidelines / circulars on the subject.

Yours faithfully

(Sanjeev Prakash)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12645&Mode=0>

**Master Direction on Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests**

RBI/DCM/2024-25/113
DCM (CC) No.G-3/03.41.01/2024-25

April 1, 2024

The Chairman / Managing Director / Chief Executive Officer
All banks

Madam / Dear Sir,

**Master Direction on Framework of incentives for Currency Distribution & Exchange Scheme for bank branches including currency chests**

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to furthering these objectives, the Bank has formulated a framework of incentives titled Currency Distribution and Exchange Scheme (CDES) to encourage all the bank branches to provide better customer services to the members of public.

2. The enclosed [Master Direction](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12646&Mode=0#MD1) incorporates updated guidelines / circulars on the subject.

Yours faithfully,

(Sanjeev Prakash)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12646&Mode=0>

**Master Direction on Penal Provisions in reporting of transactions / balances at Currency Chests**

RBI/DCM/2024-25/114
DCM (CC) No.G-2/03.35.01/2024-25

April 01, 2024

The Chairman / Managing Director / Chief Executive Officer
(All banks having Currency Chests)

Madam / Dear Sir,

**Master Direction on Penal Provisions in reporting of transactions / balances at Currency Chests**

In terms of the Preamble to and Section 45 of the Reserve Bank of India Act, 1934 (RBI Act) and Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India issues guidelines / instructions for realising the objectives of Clean Note Policy as part of currency management. With a view to sustain these efforts and to ensure timely and accurate reporting of currency chest transactions, instructions on the subject have been issued from time to time.

2. The enclosed [Master Direction](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12648&Mode=0#MD1) incorporates updated guidelines / circulars on the subject.

Yours faithfully,

(Sanjeev Prakash)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12648&Mode=0>

**Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission**

RBI/2024-25/07
CO.DGBA.GBD.No.S2/31-12-010/2024-2025

April 1, 2024

All Agency Banks

Madam / Dear Sir

**Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission**

Please refer to our [Master Circular RBI/2023-24/07, CO.DGBA.GBD.No.S1/31-12-010/2023-2024 dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12474) on the above subject. We have now revised and updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2024.

2. A copy of the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12651&Mode=0#MC) is enclosed for your information. This Circular may also be downloaded from our website [https://mastercirculars.rbi.org.in](https://mastercirculars.rbi.org.in/).

Yours faithfully

(Indranil Chakraborty)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12651&Mode=0>

**Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission**

RBI/2024-25/07
CO.DGBA.GBD.No.S2/31-12-010/2024-2025

April 1, 2024

All Agency Banks

Madam / Dear Sir

**Master Circular on Conduct of Government Business by Agency Banks - Payment of Agency Commission**

Please refer to our [Master Circular RBI/2023-24/07, CO.DGBA.GBD.No.S1/31-12-010/2023-2024 dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12474) on the above subject. We have now revised and updated the Master Circular which consolidates important instructions on the subject issued by the Reserve Bank of India till March 31, 2024.

2. A copy of the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12651&Mode=0#MC) is enclosed for your information. This Circular may also be downloaded from our website [https://mastercirculars.rbi.org.in](https://mastercirculars.rbi.org.in/).

Yours faithfully

(Indranil Chakraborty)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12651&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>

**Voluntary transition of Small Finance Banks to Universal Banks**

RBI/2024-25/28
DOR.LIC.REC.20/16.13.218/2024-25

April 26, 2024

All Small Finance Banks

Madam/ Dear Sir,

**Voluntary transition of Small Finance Banks to Universal Banks**

Please refer to Paragraph 14 of the [“Guidelines for ‘on-tap’ Licensing of Small Finance Banks in Private Sector” dated December 5, 2019](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3797), which provides a transition path for Small Finance Banks (SFBs) to convert into Universal Banks. Such conversion shall be subject to the SFB’s fulfilling minimum paid-up capital/ net worth requirement as applicable to Universal Banks, satisfactory track record of performance as an SFB for a minimum period of five years and RBI’s due diligence exercise.

2. These instructions are issued in exercise of the powers conferred on the Reserve Bank of India under Section 22 (1) of the Banking Regulation Act, 1949.

**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 Small Finance Banks.

**Provisions**

5. With the objective of bringing better clarity, the eligibility criteria for an SFB to transition into a Universal bank will now be as follows:

1. scheduled status with a satisfactory track record of performance for a minimum period of five years;
2. shares of the bank should have been listed on a recognised stock exchange;
3. having a minimum net worth of ₹1,000 crore as at the end of the previous quarter (audited);
4. meeting the prescribed CRAR requirements for SFBs;
5. having a net profit in the last two financial years; and
6. having GNPA and NNPA of less than or equal to 3 percent and 1 percent respectively in the last two financial years.

6. The following conditions shall be applicable with regard to shareholding pattern:

1. There is no mandatory requirement for an eligible SFB to have an identified promoter. However, the existing promoters of the eligible SFB, if any, shall continue as the promoters on transition to Universal Bank.
2. Addition of new promoters or change in promoters shall not be permitted for an eligible SFB while transitioning to Universal Bank.
3. There shall be no new mandatory lock-in requirement of minimum shareholding for existing promoters in the transitioned Universal Bank.
4. There shall be no change to the promoter shareholding dilution plan already approved by the Reserve Bank.
5. The eligible SFBs having diversified loan portfolio will be preferred.

7. The eligible SFB shall be required to furnish a detailed rationale for such transition. The application for transition from SFB to Universal Bank shall be assessed in accordance with the [Guidelines for ‘on tap’ Licensing of Universal Banks in the Private Sector dated August 1, 2016](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3220), as applicable, and [Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 dated January 16, 2023](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12439&fn=2&Mode=0), as amended from time to time. Further, on transition the bank will be subjected to all the norms including NOFHC structure (as applicable) as per the said Guidelines.

8. The eligible SFB may submit its application for transition to Universal Bank, in the prescribed form (Form III) in terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, along with other requisite documents, to Department of Regulation, Reserve Bank of India, Central Office, 12th Floor, Central Office Building, Shahid Bhagat Singh Road, Mumbai - 400001.

Yours faithfully,

(Manoranjan Padhy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12676&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>

**Foreign Exchange Management (Deposit) (Fourth Amendment) Regulations, 2024**

**Notification No. FEMA 5(R)/(4)/2024-RB**

May 06, 2024

**Foreign Exchange Management (Deposit) (Fourth Amendment) Regulations, 2024**

In exercise of the powers conferred by 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 (Deposit) Regulations, 2016 ([Notification No. FEMA 5 (R)/2016-RB dated April 01, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10325&Mode=0)) (hereinafter referred to as 'the Principal Regulations'), namely:-

**1. Short title and commencement:**

1. These regulations shall be called the Foreign Exchange Management (Deposit) (Fourth Amendment) Regulations, 2024.
2. They shall come into force with effect from the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/content/pdfs/Gazette10052024.pdf).

**2. Amendment to Regulation 7 of the Principal Regulations:**

In the Principal Regulations, in Regulation 7, after sub-regulation 5, the following new sub-regulation shall be inserted, namely:-

“6) An authorised dealer in India may allow a person resident outside India to open, hold and maintain an interest-bearing account in Indian Rupees and / or foreign currency for the purpose of posting and collecting margin in India, for a permitted derivative contract entered into by such person in terms of [Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020, dated October 23, 2020](https://www.rbi.org.in/Scripts/BS_FemaNotifications.aspx?Id=12097), as amended from time to time, subject to directions issued by the Reserve Bank in this regard.”

**(Latha Radhakrishnan)
General Manager (Officer-in-Charge)**

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12684&Mode=0>

**Issuance of partly paid units to persons resident outside India by investment vehicles under Foreign Exchange Management (Non-debt Instruments) Rules, 2019**

RBI/2024-25/36
A.P. (DIR Series) Circular No. 7

May 21, 2024

To

All Authorised Dealer Category – I banks

Madam / Sir

**Issuance of partly paid units to persons resident outside India by investment vehicles under Foreign Exchange Management (Non-debt Instruments) Rules, 2019**

Attention of Authorised Dealer (AD) Category - I banks is invited to the [Foreign Exchange Management (Non-debt Instruments) Rules, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11723&Mode=0), notified by the Central Government on October 17, 2019, which have been amended through the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2024 vide S.O. 1361(E), dated March 14, 2024, enabling issuance of partly paid units to persons resident outside India by investment vehicles.

2. In this regard, it has been decided to regularise the issuances of partly paid units by Alternative Investment Funds to persons resident outside India prior to the said amendment through compounding under Foreign Exchange Management Act, 1999. However, before approaching the Reserve Bank for compounding, AD Category-I banks may ensure that the necessary administrative action, including the reporting of such issuances by Alternative Investment Funds to the Reserve Bank, through Foreign Investment Reporting and Management System (FIRMS) Portal and issuing of conditional acknowledgements for such reporting, is completed.

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

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

**(Dr. Aditya Gaiha)**
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12686&Mode=0>

**Amendment to Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016**

RBI/2024-25/40
DoR.SPE.REC.No.24/13.03.00/2024-2025

June 07, 2024

All Scheduled Commercial Banks (excluding RRBs)
All Small Finance Banks
All Local Area Banks

Madam / Sir,

**Amendment to Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016**

Please refer to paragraph 3(a)(i) of the [Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296#2), wherein the definition of “Bulk Deposits” has been prescribed.

2. On a review, it has been decided to revise the definition of bulk deposits for all Scheduled Commercial Banks (excluding RRBs), Small Finance Banks and Local Area Banks. The term “Bulk Deposit” would now mean:

1. Single Rupee term deposits of Rupees three crore and above for Scheduled Commercial Banks (excluding RRBs) and Small Finance Banks.
2. Single Rupee term deposits of Rupees one crore and above for Local Area Banks as applicable in case of Regional Rural Banks.

3. The relevant provisions of the Master Direction are being modified to reflect the changes as given in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12690&Mode=0#ANN). All other instructions in this regard shall remain unchanged.

4. These instructions are issued in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949.

**Applicability**

5. These instructions shall be applicable to all Scheduled Commercial Banks (excluding RRBs), Small Finance Banks and Local Area Banks.

**Commencement**

These instructions shall come into force with immediate effect.

Yours faithfully,

(Latha Vishwanath)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12690&Mode=0>