**PRINCIPLES AND PRACTICES OF BANKING**

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**Review of Instructions on Bulk Deposits for Urban Co-operative Banks (UCBs)**

RBI/2023-24/104
DoR.SPE.REC.63/13.03.00/2023-2024

January 01, 2024

All Primary (Urban) Co-operative Banks

Madam/Sir,

**Review of Instructions on Bulk Deposits for Urban Co-operative Banks (UCBs)**

Please refer to Para 3 (a) (i) of [Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10394), in terms of which “Bulk Deposit” means single Rupee term deposits of Rupees fifteen lakh and above.

2. On a review, it has been decided to enhance the bulk deposit limit for Scheduled Primary (Urban) Co-operative Banks, in Tier 3 and 4, to Rupees one crore and above. Accordingly, “Bulk Deposit” for Primary (Urban) Co-operative Banks would now mean:

1. Single Rupee term deposits of Rupees one crore and above for Scheduled UCBs categorised as Tier 3 and 4 UCBs under the revised regulatory framework.
2. Single Rupee term deposits of Rupees fifteen lakh and above for all other UCBs (i.e., other than Scheduled UCBs in Tier 3 and 4).

The relevant sections of the Master Direction as amended are indicated in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12588&Mode=0#ANN1).

3. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Sunil T. S. Nair)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12588&Mode=0>

**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>

**Guidelines on Appointment / Re-appointment of Statutory Auditors of State Co-operative Banks and Central Co-operative Banks**

RBI/2023-24/113
Ref.No.DOS.ARG/SEC.8/08.91.001/2023-24

January 15, 2024

The Chairman / Managing Director / Chief Executive Officer,
All State Co-operative Banks (StCBs)
All Central Co-operative Banks (CCBs)

Madam / Dear Sir,

**Guidelines on Appointment / Re-appointment of Statutory Auditors of State Co-operative Banks and Central Co-operative Banks**

The Banking Regulation (Amendment) Act, 2020 (No. 39 of 2020), notified in the Gazette of India on September 29, 2020 (vide Notification No. 64 of that date), has come into force with effect from April 01, 2021 (Gazette Notification No. 4113 dated December 23, 2020), for Rural Co-operative Banks i.e., State Co-operative Banks (StCBs) and Central Co-operative Banks (CCBs).

2. Accordingly, Reserve Bank of India (RBI), in exercise of its powers conferred under Section 30(1A) of the Banking Regulation Act, 1949, has framed the guidelines enclosed as [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12599&Mode=0#AN1) of the Circular which shall be applicable to StCBs and CCBs for seeking prior approval of RBI for appointment, re-appointment or removal of Statutory Auditor (SA), and other related matters.

3. These guidelines shall come into effect from April 1, 2024. Accordingly, for all accounting periods commencing on or after April 1, 2024, all StCBs and CCBs shall submit application for prior approval of RBI before July 31 of the reference accounting year, in accordance with the guidelines.

Yours faithfully,

(Rajnish Kumar)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12599&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>

**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>

**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>

**Appointment/re-appointment of Director, Managing Director or Chief Executive Officer in Asset Reconstruction Companies**

RBI/2023-24/127
DOR.GOV.REC.79/18.10.006/2023-24

February 27, 2024

All Asset Reconstruction Companies

Dear Sir / Madam

**Appointment/re-appointment of Director, Managing Director or Chief Executive Officer in Asset Reconstruction Companies**

In terms of Section 3(6) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the guidelines contained in Para 5(i) of the Annex to our [circular No. DoR.SIG.FIN.REC.75/26.03.001/2022-23 dated October 11, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12399&Mode=0) on ‘Review of Regulatory Framework for Asset Reconstruction Companies (ARCs)’, ARCs are required to obtain prior approval of the Reserve Bank for appointment/re-appointment of any Director, Managing Director or Chief Executive Officer.

2. In order to have uniformity in the information submitted by ARCs for obtaining such approvals, a form for furnishing the requisite information about the candidate and an indicative list of documents required to be submitted along with the application are enclosed as [Annex I](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT12727022024_A1.pdf) and [Annex II](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT12727022024_A2.pdf), respectively. ARCs are advised to submit applications, complete in all respect, along with duly signed [Annex I](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT12727022024_A1.pdf) and the documents/information mentioned in [Annex II](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NT12727022024_A2.pdf) to this Department[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12614&Mode=0#F1) at least ninety days before the vacancy arises / the proposed date of appointment or re-appointment. Reserve Bank may call for additional information/documents for processing the application, if required.

3. These instructions shall come into force with immediate effect.

Yours faithfully

(Scenta Joy)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12614&Mode=0>

**Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024**

RBI/DPSS/2023-24/111
CO.DPSS.POLC.No.S1114/02-27-020/2023-2024

February 29, 2024

The Chairman / Managing Director / Chief Executive
All Scheduled Commercial Banks including RRBs /
Urban Cooperative Banks / State Cooperative Banks / District Central Cooperative Banks /
NPCI Bharat BillPay Limited / Non-bank Payment System Participants

Dear Sir / Madam,

**Master Direction – Reserve Bank of India (Bharat Bill Payment System) Directions, 2024**

The current regulations covering Bharat Bill Payment System (BBPS) ([RBI Circular DPSS.CO.PD.No.940/02.27.020/2014-15 dated November 28, 2014](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9368&Mode=0)) provide for a tiered structure with (a) NPCI Bharat Bill Pay Ltd (NBBL) as a Central Unit (BBPCU) (b) Bharat Bill Payment Operating Units (BBPOUs) and (c) Agent network/s of the BBPOUs.

2. In view of significant developments in the payments landscape, a need was felt to review and update these regulations. Accordingly, as announced in [Statement on Developmental and Regulatory Policies dated June 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55815), it has been decided to put in place a revised regulatory framework - Bharat Bill Payment Systems Directions, 2024, as [annexed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12616&Mode=0#ANN1) hereto.

3. These Directions seek to streamline the process of bill payments, enable greater participation, and enhance customer protection among other changes.

4. These Directions shall be applicable from April 01, 2024 and shall supersede the regulations cited in para 1. This is issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems (PSS) Act, 2007 (Act 51 of 2007).

Yours faithfully,

(Gunveer Singh)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12616&Mode=0>

**Money Transfer Service Scheme - Submission of Statement on CIMS**

RBI/2023-24/130
A.P. (DIR Series) Circular No.15

March 05, 2024

To

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme

Madam / Sir,

**Money Transfer Service Scheme - Submission of Statement on CIMS**

Please refer to the [A.P. (DIR Series) Circular No.70 dated May 19, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10405&Mode=0), wherein all Authorised Persons who are Indian Agents under the Money Transfer Service Scheme (MTSS) were required to submit a quarterly statement (within 15 days from the close of the quarter to which it relates) on the quantum of remittances received through MTSS using the eXtensible Business Reporting Language (XBRL) platform.

2. With the launch of the Reserve Bank’s next generation data warehouse viz., the Centralised Information Management System (CIMS), it has been decided that the reporting of the aforesaid statement will be done on CIMS portal (URL: <https://sankalan.rbi.org.in/>) with effect from the quarter-ending March 2024. The statement has been assigned return code - ‘R130’ on CIMS. In case no remittance was received during a quarter, a ‘NIL’ report shall be submitted.

3. The [Master Direction on ‘Reporting under Foreign Exchange Management Act, 1999’](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10202) is being updated to reflect the changes.

4. The directions contained in this circular have been issued under section 10(4), 11(1), and 11(2) 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=12618&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>

**Omnibus Framework for recognising Self-Regulatory Organisations (SROs) for Regulated Entities (REs) of the Reserve Bank of India
(issued by Department of Regulation on March 21, 2024)**

**Chapter I – Preliminary**

**Introduction**

Reserve Bank of India is entrusted with regulating the currency and credit system of the country to its advantage so as to maintain stability of the financial system. To this end, Reserve Bank prescribes necessary regulatory framework for its Regulated Entities (REs). With the growth of the REs in terms of number as well as scale of operations, increase in adoption of innovative technologies and enhanced customer outreach, a need is felt to develop better industry standards for self-regulation.

2. Self-Regulatory Organisations (SROs) enhance the effectiveness of regulations by drawing upon the technical expertise of practitioners and also aid in framing/ fine-tuning regulatory policies by providing inputs on technical & practical aspects, nuances and trade-offs involved. SROs can also help in fostering innovation, transparency, fair competition, and consumer protection. In sum, self-regulation shall complement the extant regulatory/ statutory framework for better compliance, in letter and spirit. In deliverance of this role, the SRO shall frame necessary best practices/ standards/ codes within the regulatory framework prescribed by RBI for voluntary adoption by its members and these shall not be a substitute to the prescribed regulatory framework for REs.

3. As announced in the [Statement on Developmental and Regulatory Policies dated October 06, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56503), it has been decided to issue an omnibus framework for recognizing SROs for the REs of the Reserve Bank. In order to fulfil this objective, the omnibus SRO framework prescribes the broad objectives, functions, eligibility criteria and governance standards, which will be common for all SROs, irrespective of the sector. The framework also lays down the broad membership criteria and other terms and conditions to be followed by the SROs for grant of recognition by the Reserve Bank. It may be noted that guidelines contained in the framework are the minimum requirement and the recognised SROs will be encouraged to develop their best practices. Reserve Bank may prescribe sector-specific additional conditionalities, if warranted, at the time of calling for applications for recognising SROs for a category/ class of REs, within the broad contours of this framework.

4. Existing SROs already recognized by the Reserve Bank shall continue to be governed by the terms and conditions under which they were recognized, unless this framework is specifically extended to such SROs.

**Characteristics of an SRO**

5. An SRO is expected to operate with credibility, objectivity and responsibility under the oversight of the regulator, to improve regulatory compliance for healthy and sustainable development of the sector to which it caters. Further, an SRO should have the following characteristics:

1. Sufficient authority which is derived from membership agreements to set ethical, professional and governance standards and enforce these standards on the members. It should have strong governance mechanisms, including focus on independent board, transparency, and adherence to well-defined processes.

Note: The term 'members' used in this framework refers to the REs which accept the membership of the SRO.
2. Objective, well-defined and consultative processes to make rules relating to conduct of its members and shall be able to enforce these rules. SROs should also put in place well-defined and transparent processes and procedures for overseeing activities of their members. It should establish clear standards of conduct and specify consequences for violation of agreed rules/ codes such as counselling, cautioning, reprimanding and expelling members. It may be noted that such consequences shall not entail monetary penalties in any manner.
3. Develop standards for improving compliance culture and adherence by its members to the rules and regulations framed by the Reserve Bank.
4. Devise and implement standardised procedures for handling disputes among members, including processes to resolve these disputes through a transparent and consistent dispute resolution/ arbitration mechanism (further detailed in para 8(iv) below).
5. Suitable surveillance methods for effective monitoring of the sector.
6. Strive to develop the ecosystem of the sector to which it caters, and the standards/ best practices developed by SRO shall be in compliance with, and within the applicable statutory/ regulatory instructions.

**Chapter II – Objectives and responsibilities of the SRO**

**Objectives of the SRO**

6. In general, the SRO is expected to adhere to a set of overarching objectives for betterment of the sector they represent, foster advancement and address critical industry concerns within the broader financial system. These objectives would collectively define the expected role and responsibilities of the SRO in steering the sector towards enhanced professionalism, compliance, innovation, and ethical conduct. This includes a strong emphasis on the development and adherence to robust self-regulatory principles and practices and conventions that are conducive to the furtherance of the sector. Upholding the principles of good faith and avoiding conflicts of interest should be the cornerstones of its operations.

7. In particular, an SRO is expected to achieve the following objectives:

1. Promote a culture of compliance among its members by encouraging progressive practices and conventions. Special attention must be given on extending guidance and support, particularly to smaller entities within the sector, and sharing best practices aligned with statutory and regulatory policies. For this purpose, the SRO should frame and implement a comprehensive code of conduct for its members.
2. Act as the collective voice of its members in engagements with the Reserve Bank, government authorities or other regulatory and statutory bodies, in India. It should aim to represent and address broader industry concerns and play a pivotal role in the functioning of the financial system. It is expected that the SRO functions above the self-interests and addresses larger concerns of the industry and financial system as a whole. While acting as the industry representative, the SRO is expected to ensure equitable and transparent treatment for all its members.
3. Collect and share relevant sectoral information to the Reserve Bank to aid in policymaking. The SRO should also use the information to foster innovation, and coordinate on the introduction of new products within the broader regulatory framework set by the Reserve Bank.
4. Encourage a culture of research and development within the sector to encourage innovation while ensuring highest standards of compliance and self-governance.

**Responsibilities of the SRO towards members**

8. The primary responsibility of the SRO towards its members would be to promote best business practices. The SRO shall establish minimum benchmarks and conventions for professional market conduct amongst its members. In the interest of its members, the SRO should aim to protect interests of the customers/ depositors, participants and other stakeholders in the ecosystem. In particular, the SRO should discharge the following responsibilities towards its members:

1. Frame a code of conduct to be followed by its members and monitor adherence to the code as well as compliance with the regulatory instructions by its members.
2. Develop a uniform, reasonable and non-discriminatory membership fee structure.
3. Disseminate sector-specific information through periodicals, bulletins, pamphlets, magazines, etc., from publicly available data, for creating awareness on matters of interest to members.
4. Establish a grievance redressal and dispute resolution/ arbitration framework for its members and offer counselling on restrictive, unhealthy and such other practices which may be detrimental to growth of the sector. The dispute resolution process should consistently use efficient, fair and transparent policies and procedures that are in line with the regulatory and statutory requirements.
5. Promote knowledge of statutory/ regulatory provisions and provide necessary resources for exchange of expertise and experience among members. It may also arrange for training programmes for skill development and awareness programs on contemporary issues for its members.
6. Educate public about operations of REs, grievance redress mechanisms available to them and spread awareness in general about the sector.

**Responsibilities of the SRO towards the Regulator**

9. In general, the SRO is expected to be an ally of the Reserve Bank in ensuring better compliance with the regulatory guidelines, development of the sector, protection of stakeholder interests, foster innovation and detection of early warning signals. It should strive to achieve the objectives set forth for SRO under paragraph 6 above. The SRO is also expected to act as a bridge between the REs and the Reserve Bank.

10. In particular, the SRO shall discharge the following responsibilities towards the Regulator:

1. Keep the Reserve Bank regularly informed of the developments in the sector. It shall also promptly inform the Reserve Bank about any violation by its member of the provision of the Acts or the rules/ guidelines/ regulations/ directions issued by the Reserve Bank, that comes to its notice.
2. Carry out any work assigned to it by the Reserve Bank and examine the proposal or suggestion referred to it. It shall provide data/ information, sought by the Reserve Bank periodically or as advised.
3. Submit an Annual Report to the Reserve Bank, within three months of completion of the accounting year. The SRO shall also submit the periodic/ adhoc returns as may be prescribed by the Reserve Bank.
4. Engage in periodic interactions with the Reserve Bank. It is expected that SRO would look at the larger picture of the industry/ segment in offering its views/ inputs/ suggestions.
5. Discharge such other functions and also abide by such other directions as specified by the Reserve Bank, from time to time.
6. Reserve Bank may, if it deems necessary, inspect the books of the SRO or arrange to have the books inspected by an audit firm. The SRO shall be obligated to provide the required information to the inspection team for the purpose of conduct of inspection. The expenses of such inspection shall be borne by the SRO.

**Chapter III – Eligibility Criteria, governance, and application for recognition**

**Eligibility criteria for the applicant**

11. In order to ensure that the SRO delivers on its objectives and responsibilities, it is important to ensure that its independence and integrity is enshrined in its establishment and composition. The entities intending to function as an SRO shall, therefore, fulfil the following eligibility criteria:

1. The applicant shall be set up as a not-for-profit company registered under Section 8 of the Companies Act, 2013. The applicant must have adequate net-worth as specified, wherever necessary, at the time of inviting applications for each category/ class of REs and should possess or have the ability to create infrastructure to enable it to discharge responsibilities of an SRO on a continuing basis. The shareholding of the SRO should be sufficiently diversified, and no entity shall hold 10% or more of its paid-up share capital, either singly or acting in concert.
2. The applicant must represent the sector and have the specified membership or should have submitted roadmap for attaining specified membership within a reasonable timeline.
3. The applicant and its directors must have professional competence and have general reputation of fairness and integrity to be established to the satisfaction of the Reserve Bank. Neither the applicant nor any of its directors should be involved in any legal proceeding, which may have an adverse impact on the interest of the sector. Further, neither the applicant nor any of its directors should have been convicted of any offence including moral turpitude/ economic offence in the past.
4. The applicant must be fit and proper for the grant of recognition as an SRO, in all other respects. The applicant shall undertake to function as per the objectives and responsibilities prescribed under this framework.
5. While granting recognition as an SRO, the Reserve Bank may, if deemed necessary, prescribe such other conditions as may be necessary to ensure that functioning of the SRO is not prejudicial to the public interest.

**Governance framework of the SRO**

12. The SRO is expected to operate with transparency, professionalism and independence, in order to foster greater confidence in the integrity of the sector. Compliance with the highest standards of governance is a pre-requisite for an effective SRO. Accordingly, the SRO shall abide by the following guidelines:

1. The SRO shall be professionally managed and have a suitable provision in their Articles of Association(AoA)/ bye-laws to ensure this. AoA/ bye laws shall clearly provide for the manner in which the Board of Directors/ governing body would function, duly addressing issues of conflict of interest.
2. The AoA/ bye-laws of the SRO shall specify the functions it will discharge, as one of its main objects. The AoA/bye-laws shall also clearly lay down the criteria for admission, expulsion, suspension, re-admission, etc. of members.
3. The Directors shall fulfil the 'fit and proper' criteria as framed by the Board of the SRO on an ongoing basis and have relevant expertise/ experience and be persons of high integrity. At least one-third of members in the Board of Directors including the chairperson shall be independent and without any active association with the category/ class of REs for which the SRO is established. The Board shall, among others, frame a policy on rotation of directors for important positions in the Board. Any change in the directorship or any adverse information about any Director, shall be immediately reported to the Reserve Bank.
4. The Board shall ensure that the SRO has adequately skilled human resources and robust technical capability to monitor the sector. The Board shall follow transparent practices for establishing its governance processes.
5. Recognised SROs shall ensure to comply with the provisions of relevant Acts, applicable regulations, guidelines, directions or circulars issued by the Reserve Bank from time to time.

**Application for recognition**

13. The process of seeking recognition as an SRO shall be robust so as to ensure adherence to a set of stringent parameters essential for the critical role it is required to play. An entity aspiring to function as an SRO under this framework shall be required to fulfil the following requirements/ submit the following documents while making an application for recognition. The requirements are as under:

i. The application made by the applicant shall be accompanied by:

1. A copy of the Memorandum of Association relating to the constitution of the SRO;
2. A copy of the Articles of Association/ bye-laws of SRO;
3. Details of the constitution of its Board and the Directors, and roles/ responsibilities of management and the manner in which its operations would be undertaken;
4. The powers and duties of the office bearers[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12636&Mode=0#FT1) of SRO;
5. Roadmap to achieve the minimum membership criteria within the prescribed timeline;
6. The application shall be signed by the authorized person, on behalf of the applicant under authority of its Board of Directors;
7. Reserve Bank may require the entity to submit any further such information or clarification as may be deemed necessary by it to satisfy itself regarding the fit & proper status of the entity applying to be an SRO before granting it recognition as an SRO;

ii. Any application, which is not complete in all aspects or does not fulfil the requisite criteria shall be liable to be rejected by the Reserve Bank. However, before rejecting any such application, Reserve Bank shall give an opportunity to the applicant to address such objections, within 15 days from date of despatch of intimation by Reserve Bank.

iii. Where the applicant is deemed suitable, the Reserve Bank would proceed to issue a “Letter of Recognition” as the SRO. Reserve Bank reserves the right to not grant recognition to any SRO. The decision of Reserve Bank in this regard shall be final.

**Conditions for grant of recognition**

14. The recognition granted to SRO shall be valid subject to the following conditions:

1. Information or particulars furnished by recognised SRO shall be true and not misleading in any material aspects.
2. The requirements prescribed in this framework, including that of membership as prescribed, shall be adhered to on a continuing basis.
3. The SRO shall ensure adherence to the terms and conditions governing its recognition. The recognition granted to the SRO shall be subject to periodic review by the Reserve Bank, as considered necessary.
4. Reserve Bank shall revoke the recognition granted to the SRO, if it deems the functioning of the SRO to be detrimental to public interest or any other stakeholder and/ or the SRO is found to be conducting activities which are not in conformity with the objectives of the SRO, after giving due opportunity of being heard.

**Chapter IV – Membership Criteria**

**Membership**

15. It is necessary that the SRO operates as a true representative of the sector and its members. Therefore, the SRO should have a good mix of members at all levels to represent the sector holistically. Accordingly, membership criteria of the SRO shall be as prescribed by the Reserve Bank at the time of inviting the application for each category/ class of REs. In particular, the SRO shall also adhere to the following criteria:

1. The minimum membership that may be prescribed by the Reserve Bank shall be attained ideally at the time of making an application or within such a timeline as prescribed by the Reserve Bank but not exceeding two years, from the date of grant of recognition. Failure to achieve specified membership within the timeline could result in revocation of the recognition granted.
2. The membership of SRO shall be voluntary for the members.

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12636&Mode=0>

**Investments in Alternative Investment Funds (AIFs)**

RBI/2023-24/140
DOR.STR.REC.85/21.04.048/2023-24

March 27, 2024

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

**Investments in Alternative Investment Funds (AIFs)**

Please refer to the [circular DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12572&Mode=0) (‘Circular’) on the captioned subject, in terms of which instructions were issued to address certain regulatory concerns relating to investment by regulated entities (REs) in the AIFs.

2. With a view to ensuring uniformity in implementation among the REs, and to address the concerns flagged in various representations received from stakeholders, it is advised as under:

(i) Downstream investments referred to in paragraph 2 (i) of the Circular shall exclude investments in equity shares of the debtor company of the RE, but shall include all other investments, including investment in hybrid instruments.

(ii) Provisioning in terms of paragraph 2(iii) of the Circular shall be required only to the extent of investment by the RE in the AIF scheme which is further invested by the AIF in the debtor company, and not on the entire investment of the RE in the AIF scheme.

(iii) Paragraph 3 of the Circular shall only be applicable in cases where the AIF does not have any downstream investment in a debtor company of the RE. If the RE has investment in subordinated units of an AIF scheme, which also has downstream exposure to the debtor company, then the RE shall be required to comply with paragraph 2 of the Circular.

(iv) Further with regard to paragraph 3 of the Circular:

* proposed deduction from capital shall take place equally from both Tier-1 and Tier-2 capital.
* reference to investment in subordinated units of AIF Scheme includes all forms of subordinated exposures, including investment in the nature of sponsor units.

(v) Investments by REs in AIFs through intermediaries such as fund of funds or mutual funds are not included in the scope of the Circular.

3. The above instructions have been issued in exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949 read with Section 56 of the Act ibid; Chapter IIIB of the Reserve Bank of India Act, 1934 and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987.

Yours faithfully,

(Vaibhav Chaturvedi)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12639&Mode=0>

**Master Circular – Lead Bank Scheme**

RBI/2024-25/02
FIDD.CO.LBS.BC.No.01/02.01.001/2024-25

April 01, 2024

The Chairman/ Managing Director/ Chief Executive Officer
SLBC/ UTLBC Convenor Banks / Lead Banks

Madam/ Dear Sir,

**Master Circular – Lead Bank Scheme**

The Reserve Bank of India has issued a number of guidelines/ instructions on Lead Bank Scheme from time to time. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12643&Mode=0#MC) consolidates the relevant guidelines/ instructions issued by Reserve Bank of India on Lead Bank Scheme up to March 31, 2024 as listed in the [Appendix I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12643&Mode=0#APP_I).

2. This Master Circular has been placed on the RBI website [https://www.rbi.org.in](https://www.rbi.org.in/)

Yours faithfully,

(Nisha Nambiar)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12643&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 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 SHG-Bank Linkage Programme**

RBI/2024-25/05
FIDD.CO.FID.BC.No.1/12.01.033/2024-25

April 01, 2024

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

Madam/Dear Sir

**Master Circular on SHG-Bank Linkage Programme**

The Reserve Bank of India has, from time to time, issued a number of guidelines/instructions to banks on SHG-Bank Linkage Programme. In order to enable banks to have instructions at one place, the Master Circular incorporating the existing guidelines/ instructions on the subject has been updated and enclosed. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12649&Mode=0#MC) consolidates the circulars issued by Reserve Bank on the subject up to March 31, 2024, as indicated in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12649&Mode=0#Appendix).

Yours faithfully

(Nisha Nambiar)
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12649&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 - Disbursement of Government Pension by Agency Banks**

RBI/2024-25/06
DGBA.GBD.No.S1/31.02.007/2024-25

April 01, 2024

All Agency Banks

Madam/Dear Sir

**Master Circular - Disbursement of Government Pension by Agency Banks**

Please refer to our [Master Circular RBI/2023-24/10 dated April 03, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12477) on the above subject. We have 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=12650&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=12650&Mode=0>

**Master Direction on Counterfeit Notes, 2024 – Detection, Reporting and Monitoring**

RBI/DCM/2024-25/115
DCM (FNVD)/G4/16.01.05/2024-25

April 01, 2024

The Chairman / Managing Director / Chief Executive Officer
All Banks

Madam / Dear Sir,

**Master Direction on Counterfeit Notes, 2024 – Detection, Reporting and Monitoring**

The Reserve Bank of India (RBI) has, from time to time, issued several guidelines / instructions / directives to the banks on Counterfeit Notes.

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

3. This [Direction](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12653&Mode=0#MD) has been issued in exercise of powers conferred upon RBI under Section 35A and Section 56 of the Banking Regulation Act, 1949.

Yours faithfully,

(Sanjeev Prakash)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12653&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>

RBI/2024-25/20
FIDD.GSSD.CO.BC.No.03/09.01.003/2024-25

April 16, 2024

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

Madam/Dear Sir,

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

Please refer to the [Master Circular FIDD.GSSD.CO.BC.No.07/09.01.003/2023-24 dated April 26, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12493) on Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM).

2. The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12665&Mode=0#MC) consolidates and updates all the instructions/guidelines on the subject issued till date and replaces the earlier Master Circular issued on the subject.

Yours faithfully,

(R Giridharan)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12665&Mode=0>

**Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024**

RBI/DOR/2024-25/116
DoR.FIN.REC.16/26.03.001/2024-25

April 24, 2024

All Asset Reconstruction Companies (ARCs)

Dear Sir/ Madam,

**Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024**

ARCs play a critical role in the resolution of stressed financial assets of banks and financial institutions, thereby enhancing the overall health of the financial system. To ensure prudent and efficient functioning of ARCs and to protect the interest of investors, Reserve Bank of India hereby issues the Master Direction – Reserve Bank of India (Asset Reconstruction companies) Directions, 2024 (the Directions), hereinafter specified. These [Directions](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12669&Mode=0#MD) have been issued in exercise of the powers conferred by Sections 3, 9, 10, 12 and 12A of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002).

Yours faithfully,

(J. P. Sharma)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12669&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>

**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>

**Instructions on Money Changing Activities**

RBI/2024-25/39
A.P. (DIR Series) Circular No. 08

May 27, 2024

To
All Authorised Persons in Foreign Exchange

Madam/ Sir

**Instructions on Money Changing Activities**

Attention is invited to [FED Master Direction No.3/2015-16 dated January 01, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11518) (updated from time to time) on Money Changing Activities.

2. In terms of extant instructions, Full Fledged Money Changers (FFMCs)/non-bank Authorised Dealers (ADs) Category-II may obtain their normal business requirements of foreign currency notes from other FFMCs and Authorised Dealers (ADs) in India. Further, they are also required to keep balances in foreign currencies at reasonable levels to avoid build-up of idle balances.

3. In this regard, it has been decided that from July 1, 2024, value of foreign currency notes sold by FFMCs / non-bank ADs Category -II to the public for permitted purposes should not be less than 75% of the value of foreign currency notes purchased from other FFMCs/ ADs, on a quarterly basis. Data of such sale and purchase should be maintained and made available for audit / inspection. FFMCs/ADs selling foreign currency may also ascertain the ‘sale to public’ requirement of the buying FFMCs/non-bank ADs Category II, by seeking relevant data from such entities.

4. Further, it has also been decided that FFMCs/non-bank ADs Category-II shall submit their annual audited balance sheet to the concerned Regional Office of the Reserve Bank along with a certificate from their statutory auditors regarding the NOF as on the date of the balance sheet, latest by October 31 of the year 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, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

6. The aforesaid [FED Master Direction No.3](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11518) is being updated to reflect these changes.

Yours faithfully,

(N Senthil Kumar)
General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12689&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>

**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>