**RETAIL BANKING AND WEALTH MANAGEMENT**

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**Fair Lending Practice - Penal Charges in Loan Accounts**

RBI/2023-24/53  
DoR.MCS.REC.28/01.01.001/2023-24

August 18, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, excluding Payments Banks)  
All Primary (Urban) Co-operative Banks  
All NBFCs (including HFCs) and  
All India Financial Institutions (EXIM Bank, NABARD, NHB, SIDBI and NaBFID)

Madam / Dear Sir,

**Fair Lending Practice - Penal Charges in Loan Accounts**

Reserve Bank has issued various guidelines to the Regulated Entities (REs) to ensure reasonableness and transparency in disclosure of penal interest. Under the extant guidelines, lending institutions have the operational autonomy to formulate Board approved policy for levy of penal rates of interest. It has been observed that many REs use penal rates of interest, over and above the applicable interest rates, in case of defaults / non-compliance by the borrower with the terms on which credit facilities were sanctioned.

2. The intent of levying penal interest/charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest. However, supervisory reviews have indicated divergent practices amongst the REs with regard to levy of penal interest/charges leading to customer grievances and disputes.

3. On a review of the practices followed by REs for charging penal interest/charges on loans, the following instructions are issued for adoption.

(i) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as ‘penal charges’ and shall not be levied in the form of ‘penal interest’ that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

(ii) The REs shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.

(iii) The REs shall formulate a Board approved policy on penal charges or similar charges on loans, by whatever name called.

(iv) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.

(v) The penal charges in case of loans sanctioned to ‘individual borrowers, for purposes other than business’, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.

(vi) The quantum and reason for penal charges shall be clearly disclosed by REs to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on REs website under Interest rates and Service Charges.

(vii) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

(viii) These instructions shall come into effect from January 1, 2024. REs may carry out appropriate revisions in their policy framework and ensure implementation of the instructions in respect of all the fresh loans availed/ renewed from the effective date. In the case of existing loans, the switchover to new penal charges regime shall be ensured on next review or renewal date or six months from the effective date of this circular, whichever is earlier.

4. 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 section 30A of the National Housing Bank Act, 1987 and shall be updated in the relevant Master Directions / Master Circulars of the applicable REs. The list of amendments to the Master Directions / Master Circulars has been provided in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12527&Mode=0#AS).

5. These instructions shall, however, not apply to Credit Cards, External Commercial Borrowings, Trade Credits and Structured Obligations which are covered under product specific directions.

Yours faithfully,

(Santosh Kumar Panigrahy)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12527&Mode=0>

**Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans**

RBI/2023-24/55  
DOR.MCS.REC.32/01.01.003/2023-24

August 18, 2023

All Scheduled Commercial Banks  
Regional Rural Banks  
Primary (Urban) Co-operative Banks  
State Co-operative Banks and District Central Co-operative Banks  
Non-Banking Financial Companies (including Housing Finance Companies)

Madam / Dear Sir,

**Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans**[**1**](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12529&Mode=0#F1)

Please refer to our [circular no. DBR.No.Dir.BC.10/13.03.00/2015-16 dated July 01, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9902), [Master Directions no. DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10585), [DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10586) and [DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12030) vide which the guidelines pertaining to Fair Practices Code for lenders have been issued to SCBs, NBFCs and HFCs, respectively. In terms of extant instructions of Reserve Bank of India, regulated entities (REs) have the freedom to offer all categories of advances either on fixed or on floating interest rates basis.

2. At the time of sanction of EMI based floating rate personal loans, REs are required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the REs are advised to put in place an appropriate policy framework meeting the following requirements for implementation and compliance:

1. At the time of sanction, REs shall clearly communicate to the borrowers about the possible impact of change in benchmark interest rate on the loan leading to changes in EMI and/or tenor or both. Subsequently, any increase in the EMI/ tenor or both on account of the above shall be communicated to the borrower immediately through appropriate channels.
2. At the time of reset of interest rates, REs shall provide the option to the borrowers to switch over to a fixed rate as per their Board approved policy. The policy, inter alia, may also specify the number of times a borrower will be allowed to switch during the tenor of the loan.
3. The borrowers shall also be given the choice to opt for (i) enhancement in EMI or elongation of tenor or for a combination of both options; and, (ii) to prepay, either in part or in full, at any point during the tenor of the loan. Levy of foreclosure charges/ pre-payment penalty shall be subject to extant instructions.
4. All applicable charges for switching of loans from floating to fixed rate and any other service charges/ administrative costs incidental to the exercise of the above options shall be transparently disclosed in the sanction letter and also at the time of revision of such charges/ costs by the REs from time to time.
5. REs shall ensure that the elongation of tenor in case of floating rate loan does not result in negative amortisation.
6. REs shall share / make accessible to the borrowers, through appropriate channels, a statement at the end of each quarter which shall at the minimum, enumerate the principal and interest recovered till date, EMI amount, number of EMIs left and annualized rate of interest / Annual Percentage Rate (APR) for the entire tenor of the loan. The REs shall ensure that the statements are simple and easily understood by the borrower.

3. Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment based loans of different periodicities. In case of loans linked to an external benchmark under the External Benchmark Lending Rate (EBLR) regime, the banks should follow extant instructions and also put in place adequate information systems to monitor transmission of changes in the benchmark rate to the lending rate.

4. REs shall ensure that the above instructions are extended to the existing as well as new loans suitably by December 31, 2023. All existing borrowers shall be sent a communication, through appropriate channels, intimating the options available to them.

5. 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.

Yours faithfully

Santosh Kumar Panigrahy  
(Chief General Manager)

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12529&Mode=0>

**Enhancing transaction limits for Small Value Digital Payments in Offline Mode**

RBI/2023-24/57  
CO.DPSS.POLC.No.S526/02-14-003/2023-24

August 24, 2023

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

Madam / Dear Sir,

**Enhancing transaction limits for Small Value Digital Payments in Offline Mode**

This has reference to the Reserve Bank of India [circular CO.DPSS.POLC.No.S1264/02-14-003/2021-2022 dated January 03, 2022](https://rbi.org.in/scripts/FS_Notification.aspx?Id=12215&fn=9&Mode=0) on “Framework for Facilitating Small Value Digital Payments in Offline Mode”.

2. As announced in the [Statement on Development and Regulatory Policies dated August 10, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56174), the upper limit of an offline payment transaction is increased to ₹500. Other instructions mentioned in the framework shall continue to remain applicable as before.

3. This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and 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=12531&Mode=0>

**Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI)**

RBI/2023-24/58  
CO.DPSS.POLC.No.S-567/02-23-001/2023-2024

September 04, 2023

The Managing Director / Chief Executive Officer  
Scheduled Commercial Banks (excluding Payment Banks, Small Finance Banks and Regional Rural Banks)

Madam / Dear Sir,

**Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI)**

Please refer to the [Statement on Developmental and Regulatory Policies dated April 06, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473), expanding the scope of UPI by enabling transfer to / from pre-sanctioned credit lines at banks. Currently, savings account, overdraft account, prepaid wallets and credit cards can be linked to UPI. As announced, the scope of UPI is now being expanded by inclusion of credit lines as a funding account.

2. Under this facility, payments through a pre-sanctioned credit line issued by a Scheduled Commercial Bank to individuals, with prior consent of the individual customer, are enabled for transactions using the UPI System.

3. Banks may, as per their Board approved policy, stipulate terms and conditions of use of such credit lines. The terms may include, among other items, credit limit, period of credit, rate of interest, etc.

4. This directive is issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems 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=12532&Mode=0>

**Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans**

RBI/2023-24/60  
DoR.MCS.REC.38/01.01.001/2023-24

September 13, 2023

All Commercial Banks (including Small Finance Banks  
and Regional Rural Banks, excluding Payments Banks)  
All Local Area Banks  
All Primary (Urban) Co-operative Banks  
All State Co-operative Banks and District Central Co-operative Banks  
All NBFCs (including HFCs)  
All Asset Reconstruction Companies

Madam / Dear Sir,

**Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal**[**1**](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12535&Mode=0#F1)**Loans**

In terms of the guidelines on Fair Practices Code issued to various Regulated Entities (REs) since 2003, REs are required to release all movable / immovable property documents upon receiving full repayment and closure of loan account. However, it has been observed that the REs follow divergent practices in release of such movable / immovable property documents leading to customer grievances and disputes. To address the issues faced by the borrowers and towards promoting responsible lending conduct among the REs, the following Directions are being issued:

**Release of Movable / Immovable Property Documents**

2. The REs shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

3. The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the RE where the documents are available, as per her / his preference.

4. The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.

5. In order to address the contingent event of demise of the sole borrower or joint borrowers, the REs shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the REs along with other similar policies and procedures for customer information.

**Compensation for delay in release of Movable / Immovable Property Documents**

6. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the RE shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the RE, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

7. In case of loss/damage to original movable / immovable property documents, either in part or in full, the REs shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at paragraph 6 above. However, in such cases, an additional time of 30 days will be available to the REs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

8. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

**Applicability**

9. These Directions shall be applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.

10. The above Directions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA and 45L of the Reserve Bank of India Act, 1934, and section 30A of the National Housing Bank Act, 1987.

Yours faithfully,

(Santosh Kumar Panigrahy)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12535&Mode=0>

**PM Vishwakarma Scheme**

RBI/2023-24/61  
FIDD.CO.MSME.BC.No.10/06.02.031/2023-24

September 13, 2023

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

Madam / Dear Sir,

**PM Vishwakarma Scheme**

Government of India (GoI) has introduced the ‘PM Vishwakarma Scheme’ which aims to provide support to artisans and craftspeople to enable them to move up the value chain in their respective trades. The Scheme envisages, among other measures, credit support to the beneficiaries at concessional interest rate, with interest subvention support by GoI.

2. In this regard, eligible lending institutions may refer to the Scheme [guidelines](https://pmvishwakarma.gov.in/FileHandling/ViewFile/MiscFiles%5CPM%20Vishwakarma-Guidelines.pdf) issued by the Ministry of Micro, Small and Medium Enterprises, for appropriate action.

Yours faithfully,

(Nisha Nambiar)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12536&Mode=0>

**Gold Loan – Bullet Repayment – Primary (Urban) Co-operative Banks (UCBs)**

RBI/2023-24/66  
DOR.CRE.REC.42/07.10.002/2023-24

October 6, 2023

Primary (Urban) Co-operative Banks other than Salary Earners’ Banks

Madam / Dear Sir,

**Gold Loan – Bullet Repayment – Primary (Urban) Co-operative Banks (UCBs)**

Please refer to the [circular UBD.BPD.(PCB).Cir.No.25/13.05.001/2014-15 dated October 30, 2014](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9307&Mode=0), in terms of which UCBs were permitted to extend gold loans up to ₹2.00 lakh with bullet repayment option, subject to certain conditions.

2. Reference is also invited to para 5 of our [circular DOR.CRE.REC.18/07.10.002/2023-24 dated June 8, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0) wherein it is stated that incentives to UCBs meeting the Priority Sector Lending (PSL) targets shall be announced separately. Accordingly, as announced vide para 3 of [Statement on Developmental and Regulatory Policies dated October 6, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56503), it has been decided to increase the monetary ceiling of gold loans that can be granted under the bullet repayment scheme, from ₹2.00 lakh to ₹4.00 lakh for those UCBs who have met the overall PSL target and sub targets as on March 31, 2023 and continue to meet the targets and sub-targets as prescribed at para 2 of our [circular dated June 8, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12515&Mode=0), ibid.

3. The limits prescribed above are effective from the date of this circular. All other provisions of the aforesaid circulars remain unchanged.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12542&Mode=0>

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

RBI/2023-24/69  
DOR.AML.REC.44/14.01.001/2023-24

October 17, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir / Madam,

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

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

2. In this regard, on a review, it has been decided to amend the MD on KYC to:

(a) Update certain instructions considering amendments to the PML Rules vide Government notifications dated September 4, 2023 and October 17, 2023;

(b) Update Annex II of the MD considering the changes to Government of India Order related to Unlawful Activities (Prevention) Act (UAPA), 1967, vide corrigendum dated August 29, 2023;

(c) Update Annex III of the MD by replacing the Government of India Order dated January 30, 2023, related to Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005) with the Government of India Order dated September 1, 2023 (which has been issued by the Government in suppression of the earlier WMD Act Order dated January 30, 2023), on the matter;

(d) Update certain instructions in accordance with the FATF Recommendations;

(e) Add a new Section 55A, on FCRA, in the MD on KYC; and

(f) Update certain other instructions post review.

The changes carried out in the MD in this regard are provided in [Annexure](https://rbidocs.rbi.org.in/rdocs/content/pdfs/MDKYC17102023_Annexure.pdf).

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

Yours faithfully,

(Santosh Kumar Panigrahy)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12549&Mode=0>

**Strengthening of customer service rendered by Credit Information Companies and Credit Institutions**

RBI/2023-24/73  
DoR.FIN.REC.49/20.16.003/2023-24

October 26, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, and excluding Payments Banks)  
All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ Central Co-operative Banks  
All Non-Banking Financial Companies (including Housing Finance Companies)  
All-India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NaBFID)  
All Asset Reconstructions Companies  
All Credit Information Companies

Dear Sir/ Madam

**Strengthening of customer service rendered by Credit Information Companies and Credit Institutions**

Please refer to para 4 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473) released with the [Bi-monthly Monetary Policy Statement 2023-24 on April 6, 2023](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55472), wherein it was announced that a comprehensive framework will be put in place for strengthening and improving the efficacy of the grievance redress mechanism and customer service provided by the Credit Institutions (CIs) and Credit Information Companies (CICs).

2. Accordingly, in exercise of the powers conferred by sub-section (1) of section 11 of the Credit Information Companies (Regulation) Act, 2005 (CICRA, 2005), the Reserve Bank of India directs CICs and CIs to implement the directions as detailed below:

2.1. **Intimation of access to Credit Information Report and updation of credit information with Credit Information Companies**

1. CICs shall send alerts through SMS/ email to customers when their Credit Information Report (CIR) is accessed by the Specified Users (SUs) as defined in sub-section (l) of section 2 of CICRA, 2005, wherever mobile number/ email ID details of the customers are available. The alerts shall be sent by CICs only when the CIR enquiry reflects in the CIR of the customer.
2. CIs shall send alerts through SMS/ email to customers while submitting information to CICs regarding default/ Days Past Due (DPD) in existing credit facilities, wherever the mobile number/email ID details are available.
3. To enable sending of alerts through SMS/ email, the Uniform Credit Reporting Format for reporting credit information by CIs to CICs has been modified as detailed in [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/73NT26102023_AN1.pdf) (Item 1).
4. CIs are advised to organise special awareness campaigns to sensitise their customers about benefits of submission of their mobile numbers/ email IDs.

2.2. **Setting up of Nodal points/ officials by CIs**

1. CIs shall have a dedicated nodal point/ official of contact for CICs for redress of customer grievances. Details of the nodal point/ official along with email ID and telephone/ mobile number shall be furnished by CIs to CICs.
2. CIs shall inform CICs of any changes in the nodal points/ official within five (5) calendar days of such a change.

2.3. **Root Cause Analysis of the Complaints by CIs**

1. CIs shall undertake Root Cause Analysis (RCA) of the customer grievances at least on a half yearly basis. CIs shall also use, among others, information on data rejected by the CICs and Data Quality Index (DQI) provided by CICs as sources of information for carrying out RCA.
2. Analysis of the RCA shall be reviewed by the Top Management of CIs, at least, on an annual basis.

2.4. **Reasons for rejection of requests for data correction by CIs**

1. CIs shall inform the customers the reasons for the rejection of their request for data correction, if any, to enable such customers to better understand the issues in the CIR.
2. A list of reasons for rejection of requests shall be circulated by CICs to all CIs. CIs shall use the same while communicating the rejections of the request for data correction made by customers/ CICs during the grievance redress process.

2.5. **Periodic review of match logic algorithm by CICs**

1. CICs shall have a board-approved policy for undertaking periodic review (at least on a half-yearly basis) of the ‘Search & Match’ logic algorithm implemented by them to provide Credit Information Report (CIR) of a borrower.
2. Root Cause Analysis (RCA) of the complaints being undertaken by CICs shall be used to identify issues in the existing ‘Search & Match’ logic algorithm.
3. Results of the RCA and subsequent changes in the search and match logic shall be placed before the Board of Directors of the CIC for review.

2.6. **Ingestion of credit information data by CICs**

1. CICs shall ingest credit information data received from the Credit Institutions (CIs) as per its data acceptance rules, into their databases within seven (7) calendar days of its receipt from the CIs.
2. In case of data rejection, CICs shall communicate to the concerned CI, regarding rejection of the data with reasons, within seven (7) calendar days of receipt of the data.

2.7. **Disclosure of complaints on credit information reporting by CICs**

CICs shall disclose on their websites, details of complaints registered against them and CIs as per the format given in [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/73NT26102023_AN1.pdf) (Table 1 and 2).

2.8. **Easy access to Free Full Credit Report for the individuals by CICs**

CICs shall provide easy access to Free Full Credit Report[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12553&Mode=0#FT1) (FFCR) including credit score, once in a year (January- December), to individuals whose credit history is available with the CIC by displaying the link prominently on their website (on the Home page itself) so that individuals are able to access their FFCR conveniently.

3. The directions shall come into effect six (6) months from the date of this circular. CICs and CIs are directed to put in place necessary systems and processes to implement these directions within this period.

4. CICs and CIs which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.

Yours faithfully,

(R. Lakshmi Kanth Rao)  
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12553&Mode=0>

**Framework for compensation to customers for delayed updation/ rectification of credit information**

RBI/2023-24/72  
DoR.FIN.REC.48/20.16.003/2023-24

October 26, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, and excluding Payments Banks)  
All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ Central Co-operative Banks  
All Non-Banking Financial Companies (including Housing Finance Companies)  
All-India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NaBFID)  
All Asset Reconstruction Companies  
All Credit Information Companies

Dear Sir/ Madam.

**Framework for compensation to customers for delayed updation/ rectification of credit information**

Please refer to para 4 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55473) released with the [Bi-monthly Monetary Policy Statement 2023-24 on April 6, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55472), wherein it was announced, inter alia, that a compensation mechanism will be put in place for delayed updation/rectification of credit information by the credit institutions (CIs) and credit information companies (CICs).

2. Accordingly, in exercise of the powers conferred by sub-section (1) of section 11 of the Credit Information Companies (Regulation) Act, 2005 (CICRA, 2005), the Reserve Bank of India directs CICs and CIs to implement the compensation framework for delayed updation/rectification of credit information by CIs and CICs as detailed below:

(a) Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/ CIC.

**Explanation:**

1. Section 21 (3) of CICRA, 2005 provides that a complainant may request a CIC or CI to update the credit information by making an appropriate correction, addition or otherwise, and on such request the CI or CIC shall take steps to update the credit information within thirty (30) days after being requested to do so.
2. Rule 20 (3) (c) of CIC Rules, 2006 provides that the CI shall forward the corrected particulars of the credit information to the CIC or complainant within a period of twenty-one (21) days from the date when the CI was informed of the inaccuracy in the credit information.
3. The combined reading of Section 21(3) of CICRA, 2005 and Rule 20 (3) (c) of Credit Information Companies Rules, 2006 provide the CI and the CIC, collectively, an overall limit of thirty (30) days to resolve/ dispose of the complaint. In effect, this would mean that a CI would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.

(b) A CI shall pay compensation to the complainant if the CI has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.

(c) A CIC shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a CI, despite the CI having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC.

(d) The complainant shall be advised by the CI/ CIC of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by CI and CIC.

(e) Compensation to be provided by the CICs/ CIs to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the CIs/ CICs concerned proportionately. Illustrative examples of the same are given in [Annex](https://rbidocs.rbi.org.in/rdocs/content/pdfs/NOTI72FCCD261023_AN.pdf).

(f) Where the grievance/ complaint involves inaccurate credit information provided by more than one CI, the complaint shall be registered by the complainant with the concerned CIC. The CIC shall coordinate with all the CIs concerned and furnish the complainant with a comprehensive resolution of the grievance.

(g) Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.

(h) Where the complaint has been received and registered by a CI and there has been a delay in the resolution of the complaint, the CI shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI and/ or CIC(s).

(i) The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.

(j) The CICs/ CIs shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and the CIs/ CICs will not be held responsible for any incorrect information provided by the complainant.

(k) The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

(l) The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by CIs or CICs.

(m) In case of wrongful denial of compensation by CIs which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India.

(n) **Non-Maintainability:** The compensation framework shall not be applicable in the following cases:

1. disputes for which remedy has been provided under Section 18 of CICRA, 2005. The Section 18 of CICRA, 2005 provides that for disputes arising amongst, CICs, CIs, borrowers, and clients on matters relating to the business of credit information and for which no remedy has been provided under CICRA, 2005, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996.
2. complaints/ references relating to (a) internal administration, (b) human resources, (c) pay and emoluments of staff, and (d) references in the nature of suggestions and commercial decisions of the CIC/CI.
3. complaints pertaining to disputes/ grievances regarding the computation of the credit score/ credit score model.
4. complaints that have been decided by or are already pending in other fora such as Consumer Disputes Redressal Commission, Courts, Tribunals, etc.

3. The compensation framework shall come into effect six (6) months from the date of this circular. CICs and CIs are directed to put in place necessary systems and processes to implement the compensation framework within this period.

4. CICs and CIs which contravene or default in adherence to the above directions shall be liable for penal action as per the provisions of CICRA, 2005.

Yours faithfully,

(R. Lakshmi Kanth Rao)  
Chief General Manager-in-Charge

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12554&Mode=0>

**Non-Callable Deposits - Master Direction on Interest Rate on Deposits**

RBI/2023-24/74  
DOR.SPE. REC. No 51/13.03.000/2023-24

October 26, 2023

**Non-Callable Deposits - Master Direction on Interest Rate on Deposits**

Please refer to the instructions contained in Section 7 of the [Master Direction (MD) on Interest Rate on Deposits dated March 03, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296) and [Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10394). In terms of these instructions, banks have been permitted to offer domestic term deposits (TDs) without premature withdrawal option, provided that all TDs accepted from individuals for an amount of Rupees fifteen lakh and below shall have premature-withdrawal-facility. Further, the banks have also been permitted to offer differential rate on interest on TDs based on non-callability of deposits (i.e., non-availability of premature withdrawal option) in addition to tenor and size of deposits.

2. On a review, it has been decided that (i) the minimum amount for offering non-callable TDs may be increased from Rupees fifteen lakh to Rupees one crore i.e., all domestic term deposits accepted from individuals for amount of Rupees one crore and below shall have premature-withdrawal-facility and (ii) these instructions shall also be applicable for Non-Resident (External) Rupee (NRE) Deposit / Ordinary Non-Resident (NRO) Deposits.

3. Accordingly, the relevant sections of the Master Direction have been amended as indicated in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12555&Mode=0#ANN1).

4. All other instructions shall remain unchanged.

**Applicability**

5. This circular is applicable to all Commercial Banks and Co-operative Banks.

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

Yours faithfully,

(Sunil T S Nair)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12555&Mode=0>

**Regulatory measures towards consumer credit and bank credit to NBFCs**

RBI/2023-24/85  
DOR.STR.REC.57/21.06.001/2023-24

November 16, 2023

Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)  
Non-Banking Financial Companies (including HFCs)

Madam/Dear Sir,

**Regulatory measures towards consumer credit and bank credit to NBFCs**

Please refer to [Governor’s Statement dated October 6, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56501) flagging the high growth in certain components of consumer credit and advising banks and non-banking financial companies (NBFCs) to strengthen their internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards, in their own interest. The high growth seen in consumer credit and increasing dependency of NBFCs on bank borrowings were also highlighted by Governor in the interactions with MD/CEOs of major banks and large NBFCs in July and August 2023, respectively.

2. In this context, it has been decided to effect the following measures as under:

**A. Consumer credit exposure**

(a) Consumer credit exposure of commercial banks

As per extant instructions applicable to commercial banks[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F1), consumer credit attracts a risk weight of 100%. On a review, it has been decided to increase the risk weights in respect of consumer credit exposure of commercial banks (outstanding as well as new), including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, by 25 percentage points to 125%.

(b) Consumer credit exposure of NBFCs

In terms of extant norms, NBFCs’ loan exposures generally attract a risk weight of 100%[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F2). On a review, it has been decided that the consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125%.

(c) Credit card receivables

As per extant instructions, credit card receivables of scheduled commercial banks (SCBs) attract a risk weight of 125%[3](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F3) while that of NBFCs attract a risk weight of 100%[4](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F4). On a review, it has been decided to increase the risk weights on such exposures by 25 percentage points to 150% and 125% for SCBs and NBFCs respectively.

**B. Bank credit to NBFCs**

In terms of extant norms, exposures of SCBs to NBFCs, excluding core investment companies, are risk weighted as per the ratings assigned by accredited external credit assessment institutions (ECAI)[5](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0#F5). On a review, it has been decided to increase the risk weights on such exposures of SCBs by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector in terms of the extant instructions shall be excluded.

**C. Strengthening credit standards**

(a) The REs shall review their extant sectoral exposure limits for consumer credit and put in place, if not already there, Board approved limits in respect of various sub-segments under consumer credit as may be considered necessary by the Boards as part of prudent risk management. In particular, limits shall be prescribed for all unsecured consumer credit exposures. The limits so fixed shall be strictly adhered to and monitored on an ongoing basis by the Risk Management Committee.

(b) All top-up loans extended by REs against movable assets which are inherently depreciating in nature, such as vehicles, shall be treated as unsecured loans for credit appraisal, prudential limits and exposure purposes.

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

4. The above instructions, other than paragraph 2C(a), shall come into force with immediate effect. All REs shall endeavour to comply with the provisions at paragraph 2C(a) at the earliest, but in any case shall implement them by no later than February 29, 2024.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12567&Mode=0>

**Processing of e-mandates for recurring transactions**

RBI/2023-2024/88  
CO.DPSS.POLC.No.S-882/02.14.003/2023-24

December 12, 2023

The Chairman / Managing Director / Chief Executive Officer  
All Scheduled Commercial Banks, including Regional Rural Banks /  
Urban Co-operative Banks / State Co-operative Banks /  
District Central Co-operative Banks / Payments Banks /  
Small Finance Banks / Local Area Banks /  
Non-bank Prepaid Payment Instrument issuers / Authorised Card Payment Networks /  
National Payments Corporation of India

Madam / Dear Sir,

**Processing of e-mandates for recurring transactions**

A reference is invited to our [circular CO.DPSS.POLC.No.S-518/02.14.003/2022-23 dated June 16, 2022](https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12341&fn=9&Mode=0) in terms of which relaxation in Additional Factor of Authentication (AFA) was permitted while processing e-mandates / standing instructions on cards, Prepaid Payment Instruments and Unified Payments Interface, for subsequent recurring transactions with values up to ₹15,000/-, subject to conditions listed therein.

2. In this regard, as announced in the [Statement on Developmental and Regulatory Policies dated December 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56889), it has been decided to increase the limit from ₹15,000/- to ₹1,00,000/- per transaction for the following categories: (a) subscription to mutual funds, (b) payment of insurance premiums, and (c) credit card bill payments.

3. This circular is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007), and 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=12570&Mode=0>

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

RBI/2023-24/90  
DOR.STR.REC.58/21.04.048/2023-24

December 19, 2023

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)**

Regulated entities (REs) make investments in units of AIFs as part of their regular investment operations. However, certain transactions of REs involving AIFs that raise regulatory concerns have come to our notice. These transactions entail substitution of direct loan exposure of REs to borrowers, with indirect exposure through investments in units of AIFs.

2. In order to address concerns relating to possible evergreening through this route, it is advised as under:

(i) REs shall not make investments in any scheme of AIFs which has downstream investments either directly or indirectly in a debtor company of the RE.

Explanation: The debtor company of the RE, for this purpose, shall mean any company to which the RE currently has or previously had a loan or investment exposure anytime during the preceding 12 months.

(ii) If an AIF scheme, in which RE is already an investor, makes a downstream investment in any such debtor company, then the RE shall liquidate its investment in the scheme within 30 days from the date of such downstream investment by the AIF. If REs have already invested into such schemes having downstream investment in their debtor companies as on date, the 30-day period for liquidation shall be counted from date of issuance of this circular. REs shall forthwith arrange to advise the AIFs suitably in the matter.

(iii) In case REs are not able to liquidate their investments within the above-prescribed time limit, they shall make 100 percent provision on such investments.

3. In addition, investment by REs in the subordinated units of any AIF scheme with a ‘priority distribution model’ shall be subject to full deduction from RE’s capital funds.

Explanation: ‘Priority distribution model’ shall have the same meaning as specified in the SEBI circular SEBI/HO/AFD-1/PoD/P/CIR/2022/157 dated November 23, 2022.

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

5. The above instructions shall become effective immediately.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12572&Mode=0>

**Classification of MSMEs**

RBI/2023-24/100  
FIDD.MSME & NFS.BC.No.13/06.02.31/2023-24

December 28, 2023

The Chairman/ Managing Director/Chief Executive Officer  
All Scheduled Commercial Banks (except RRBs)  
(including Small Finance Banks and Local Area Banks)

Dear Sir / Madam

**Classification of MSMEs**

Please refer to para 2.4 to 2.7 of the [Master Direction - Lending to Micro, Small & Medium Enterprises (MSME) Sector dated July 24, 2017](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11060) (as updated on July 29, 2022), inserted in terms of the [circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020](https://rbi.org.in/scripts/FS_Notification.aspx?Id=11934&fn=2754&Mode=0) on the new definition of MSME. The revised criteria for classification of enterprises as Micro, Small and Medium enterprises were notified by the Ministry of MSME, GoI vide [Gazette Notification S.O. 2119 (E) dated June 26, 2020](https://rbidocs.rbi.org.in/rdocs/content/pdfs/IndianGazzate02072020.pdf). Subsequent amendment has been made to the above notification by Government of India (GoI) vide [Gazette Notification S.O. 4926 (E) dated October 18, 2022](https://dcmsme.gov.in/Notification%20no%204926%20E%20dated%2018%20Oct%202022%20related%20to%20Non%20tax%20benefits.pdf).

2. As classification / re-classification of MSMEs is the statutory responsibility of Ministry of MSME, GoI as per the provisions of the MSMED Act, 2006, regulated entities shall be guided by the notifications issued by the Ministry of MSME in this regard, from time to time.

3. Accordingly, the following amendments are made in the above Master Direction- Lending to Micro, Small & Medium Enterprises (MSME) Sector:

|  |  |
| --- | --- |
| **Existing para** | **Revised para** |
| Para 2.2: All the above enterprises are required to register online on the Udyam Registration portal and obtain ‘Udyam Registration Certificate’. | Para 2.2: All the above enterprises are required to register online on the Udyam Registration portal and obtain ‘Udyam Registration Certificate’. For PSL purposes banks shall be guided by the classification recorded in the Udyam Registration Certificate (URC). |
| Para 2.4 to 2.7 | Deleted |

The [Master Direction](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11060) has been updated accordingly.

Yours faithfully

(R Giridharan)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12583&Mode=0>

**Payments Infrastructure Development Fund – Extension of Scheme and Enhancements**

RBI/2023-24/101  
CO.DPSS.POLC.No.S940/02-29-005/2023-24

December 29, 2023

The Chairman / Managing Director / Chief Executive Officer  
Card Issuing and Acquiring Banks and Non-banks / Authorised Card Networks

Madam / Dear Sir,

**Payments Infrastructure Development Fund – Extension of Scheme and Enhancements**

Please refer to the Reserve Bank of India [circular DPSS.CO.AD No.900/02.29.005/2020-21 dated January 05, 2021](https://rbi.org.in/scripts/FS_Notification.aspx?Id=12009&fn=9&Mode=0), on “Operationalisation of Payments Infrastructure Development Fund (PIDF) Scheme” and subsequent amendments made thereto.

2. As announced in the [Statement on Development and Regulatory Policies dated October 06, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56503), the PIDF Scheme is being extended by two years, i.e., upto December 31, 2025. Further, with a view to provide impetus to deployment of acceptance infrastructure, the following enhancements are being made to the Scheme:

1. The beneficiaries identified as part of the PM Vishwakarma Scheme, across the country, shall be included as merchants for deployment under the PIDF Scheme. All eligible installations since the inception of the PM Vishwakarma Scheme, i.e., September 17, 2023, may prefer claims under the PIDF Scheme.
2. The PIDF Scheme presently subsidises deployment of acceptance infrastructure based on category of device – physical or digital. It has been decided to enable other contemporary devices, viz., (i) Soundbox devices – providing instant audio payment confirmation along with payment acceptance by “scan & pay” and Near Field Communication (NFC), and (ii) Aadhaar-enabled biometric devices – certified biometric scanner devices facilitating Aadhaar authentication for acceptance of payment by merchant through BHIM Aadhaar Pay, would be eligible for subsidy under the Scheme, for installations made from October 01, 2023 onwards.
3. The amount of subsidy for devices deployed in special focus areas, viz., North Eastern States, Union Territories of Jammu & Kashmir and Ladakh, is increased from 75% to 90% of the total cost, irrespective of the type of device, for installations made from October 01, 2023 onwards.

3. The above enhancements, along with detailed guidelines, have been incorporated in the framework of PIDF Scheme, enclosed as [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12584&Mode=0#ANN).

4. These instructions are issued under Section 18 read with Section 10 (2) of Payment and Settlement Systems 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=12584&Mode=0>

**Fair Lending Practice - Penal Charges in Loan Accounts: Extension of Timeline for Implementation of Instructions**

RBI/2023-24/102  
DoR.MCS.REC.61/01.01.001/2023-24

December 29, 2023

All Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks, excluding Payments Banks)  
All Primary (Urban) Co-operative Banks  
All NBFCs (including HFCs) and  
All India Financial Institutions (EXIM Bank, NABARD, NHB, SIDBI and NaBFID)

Madam / Dear Sir,

**Fair Lending Practice - Penal Charges in Loan Accounts: Extension of Timeline for Implementation of Instructions**

Reference is invited to [RBI circular DoR.MCS.REC.28/01.01.001/2023-24 dated August 18, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12527&Mode=0) on ‘Fair Lending Practice - Penal Charges in Loan Accounts’.

2. In terms of paragraph 3 (viii) of the circular, the instructions were to come into effect from January 1, 2024. However, considering that certain clarifications and additional time has been sought by some regulated entities (REs) to reconfigure their internal systems and operationalize the circular, it has been decided to extend the timeline for implementation of the instructions by three months. Accordingly, REs shall ensure that the instructions are implemented in respect of all the fresh loans availed from April 1, 2024 onwards. In the case of existing loans, the switchover to new penal charges regime shall be ensured on the next review/ renewal date falling on or after April 1, 2024, but not later than June 30, 2024.

3. A set of [frequently asked questions (FAQs)](https://www.rbi.org.in/Scripts/FAQView.aspx?Id=162) providing clarifications related to implementation of the circular will be uploaded in the FAQs section of the RBI website shortly.

Yours faithfully,

(Santosh Kumar Panigrahy)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12585&Mode=0>

**Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023**

RBI/CEPD/2023-24/108  
CEPD.PRD.No.S1228/13.01.019/2023-24

December 29, 2023

(1) Chairman/Managing Director/CEO of All Scheduled Commercial Banks (excluding RRBs)  
(2) Chairman/Managing Director/CEO of All NBFCs  
(3) Chairman/Managing Director/CEO of Non-Bank System Participants  
(4) Chairman/Managing Director/CEO of All Credit Information Companies

Dear Sir / Madam,

**Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023**

The Reserve Bank institutionalized the Internal Ombudsman mechanism in various regulated entities vide instructions / guidelines contained in the [Internal Ombudsman Scheme 2018- Implementation by banks dated September 3, 2018](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=44900), Internal Ombudsman Scheme for Non-Bank System Participants, 2019 dated October 22, 2019, [Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12195&Mode=0) and [Reserve Bank of India (Credit Information Companies - Internal Ombudsman) Direction, 2022 dated October 6, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12395&Mode=0). The Internal Ombudsman mechanism has been set up with a view to strengthen the Internal Grievance Redress system of the regulated entities.

2. A review of Internal Ombudsman schemes has been undertaken by the Reserve Bank in line with the integration of the erstwhile three RBI Ombudsman Schemes as also with the objective to improve the customer service standards in regulated entities. The framework reaffirms that the Internal Ombudsman mechanism should work as envisaged and the Internal Ombudsman shall be positioned as an independent, apex level authority on consumer grievance redress within the regulated entities.

3. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, Section 45L read with 45M of the Reserve Bank of India Act, 1934, sub-section (1) of Section 11 of Credit Information Companies (Regulation) Act, 2005 and Section 18 of the Payment and Settlement Systems Act, 2007, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest to do so, hereby directs that all the regulated entities as indicated in Clause 4 of the Master Direction shall comply with the Direction with immediate effect.

4. The regulated entities are further advised as follows:

1. The Internal Ombudsman appointed by the regulated entity, under the erstwhile Internal Ombudsman Schemes / Direction shall continue to hold office till the expiry of their tenure.
2. The regulated entities not currently falling under the Internal Ombudsman Schemes / Direction may closely monitor their eligibility as per the prescribed provisions for timely appointment of Internal Ombudsman in their entity, as required.
3. The regulated entities are advised to forward the contact details of the Internal Ombudsman / Deputy Internal Ombudsman to Consumer Education and Protection Department, Central Office, Reserve Bank of India, 1st Floor, Amar Building, Sir P M Road, Fort, Mumbai 400 001 (e-mail: [iocepd@rbi.org.in](mailto:iocepd@rbi.org.in)) and ensure to update the same as and when there is any change.

Yours faithfully,

(Neena Rohit Jain)  
Chief General Manager

For more details, kindly refer: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12586&Mode=0>

**Report on Trend and Progress of Banking in India for the year 2022-23**

CO. DEPR.BRD. No. S969/13.01.001/ 2023-24 December 27, 2023

The Finance Secretary

Government of India

Ministry of Finance

New Delhi-110001

Dear Finance Secretary,

In pursuance of the provisions of Section 36(2) of the Banking Regulation Act, 1949, I have the pleasure in transmitting herewith two copies of the Report on Trend and Progress of Banking in India for the year ended March 31, 2023.

Sincerely,

Shaktikanta Das

For more details, kindly refer: <https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Trend%20and%20Progress%20of%20Banking%20in%20India>

**Enhancing transaction limits for Small Value Digital Payments in Offline Mode**

RBI/2023-24/57  
CO.DPSS.POLC.No.S526/02-14-003/2023-24

August 24, 2023

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

Madam / Dear Sir,

**Enhancing transaction limits for Small Value Digital Payments in Offline Mode**

This has reference to the Reserve Bank of India [circular CO.DPSS.POLC.No.S1264/02-14-003/2021-2022 dated January 03, 2022](https://rbi.org.in/scripts/FS_Notification.aspx?Id=12215&fn=9&Mode=0) on “Framework for Facilitating Small Value Digital Payments in Offline Mode”.

2. As announced in the [Statement on Development and Regulatory Policies dated August 10, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56174), the upper limit of an offline payment transaction is increased to ₹500. Other instructions mentioned in the framework shall continue to remain applicable as before.

3. This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect immediately.

Yours faithfully,

(Gunveer Singh)  
Chief General Manager-in-Charge

For more details, kindly refer: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12531&Mode=0>

**Reserve Bank of India introduces the RBI-Digital Payments Index**

Date : Jan 01, 2021

Reserve Bank of India introduces the RBI-Digital Payments Index

As announced in the Statement on Developmental and Regulatory Policies as part of the Sixth Bi-monthly Monetary Policy Statement for 2019-20 dated February 06, 2020, the Reserve Bank of India has constructed a composite Digital Payments Index (DPI) to capture the extent of digitisation of payments across the country.

The RBI-DPI comprises of 5 broad parameters that enable measurement of deepening and penetration of digital payments in the country over different time periods. These parameters are – (i) Payment Enablers (weight 25%), (ii) Payment Infrastructure – Demand-side factors (10%), (iii) Payment Infrastructure – Supply-side factors (15%), (iv) Payment Performance (45%) and (v) Consumer Centricity (5%). Each of these parameters have sub-parameters which, in turn, consist of various measurable indicators. The major sub-parameters under each parameter are available here.

The RBI-DPI has been constructed with March 2018 as the base period, i.e. DPI score for March 2018 is set at 100. The DPI for March 2019 and March 2020 work out to 153.47 and 207.84 respectively, indicating appreciable growth. Going forward, RBI-DPI shall be published on RBI’s website on a semi-annual basis from March 2021 onwards with a lag of 4 months.

(Yogesh Dayal)

Chief General Manager

Press Release: 2020-2021/874

For more details, please refer:

<https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50901>

**PRADHAN MANTRI UCHCHATAR SHIKSHA PROTSAHAN (PM-USP) YOJANA GUIDELINES FOR THE COMPONENT SCHEME – CENTRAL SECTOR INTEREST SUBSIDY (PM-USP CSIS)**

(Applicable for Education Loans taken w.e.f. 01.04.2022)

One of the major objectives of the Government is to ensure that no student is denied the opportunity to pursue higher education because she or he is poor. To achieve this objective, Ministry of Education (Erstwhile Ministry of Human Resource Development) launched a Scheme titled "Central Sector Interest Subsidy Scheme" (CSIS) in 2009. The scheme provides full interest subsidy during the moratorium period on loan availed under Model Education Loan Scheme of Indian Banks’ Association (IBA) for pursuing technical/professional courses in India. Students whose annual gross parental/ family income is up to Rs.4.5 lakh are eligible under the scheme. The existing Scheme has been modified with the approval of the Union Cabinet on 19.01.2022.

For more details, please refer:

<https://www.education.gov.in/sites/upload_files/mhrd/files/upload_document/pmusp_csis.pdf>

**Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents**

RBI/2022-23/108 DOR.ORG.REC.65/21.04.158/2022-23 August 12, 2022

Madam/ Sir,

**Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents**

The Reserve Bank of India has from time to time advised regulated entities (REs) that the ultimate responsibility for their outsourced activities vests with them and they are, therefore, responsible for the actions of their service providers including Recovery Agents (hereafter referred to as ‘agents’).

2. It has been observed that the agents employed by REs have been deviating from the extant instructions governing the outsourcing of financial services. In view of concerns arising from the activities of these agents, it is advised that the REs shall strictly ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently1 calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.

3. The instructions contained in para 2 above shall supplement and be read in conjunction with the existing guidelines/directions issued by the Reserve Bank of India, as amended from time to time, including those tabulated in Annex.

4. Any violation in this regard by REs will be viewed seriously.

Applicability

5. This circular shall apply to the following REs:

(a) All Commercial Banks (including Local Area Banks, Regional Rural Banks, and Small Finance Banks) excluding Payments Banks;

(b) All All-India Financial Institutions (viz. Exim Bank, NABARD, NHB, SIDBI, and NaBFID);

(c) All Non-Banking Financial Companies including Housing Finance Companies;

(d) All Primary (Urban) Co-operative Banks, State Co-operative Banks, and District Central Co-operative Banks; and

(e) All Asset Reconstruction Companies.

6. This circular shall not apply to microfinance loans covered under ‘Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022’, dated March 14, 2022.

Yours faithfully,

(Sunil T. S. Nair)

Chief General Manager

For more details, please refer:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1085404663A577943BBB344A37057621C17.PDF>

**Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 (Updated as on December 05, 2022)**

RBI/DOR/2021-22/85  
DOR.STR.REC.53/21.04.177/2021-22

September 24, 2021  
(Updated as on December 05, 2022)

All Scheduled Commercial Banks (including Small Finance Banks but excluding Regional Rural Banks);  
All All-India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI);  
All Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs)

**Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021**

Please refer to the Draft Framework for Securitisation of Standard Assets that was released on [June 8, 2020](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49920) for comments from various stakeholders.

2. Based on the examination of the comments received, the Reserve Bank has issued the Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021, which are [enclosed](https://www.rbi.org.in/scripts/bs_viewmasdirections.aspx?id=12165#ANC1). These directions have been issued in exercise of the powers conferred by the Sections 21 and 35A of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934; and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987.

3. These directions come into immediate effect replacing the existing instructions on the matter of securitisation of standard assets. All lending institutions are advised to take necessary steps to ensure compliance with these directions.

Yours faithfully,

(Manoranjan Mishra)  
Chief General Manager

For more details, please refer:

<https://www.rbi.org.in/scripts/bs_viewmasdirections.aspx?id=12165>