**RISK MANAGEMENT**

|  |  |
| --- | --- |
| **Sr. No.** | **Important Notifications** |
| 1 | Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk |
| 2 | Master Circular- Exposure Norms and Statutory / Other Restrictions - UCBs |
| 3 | Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit |
| 4 | Capital Adequacy Guidelines – Review of Trading Book |
| 5 | Master Circular – Basel III Capital Regulations |
| 6 | Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances |
| 7 | Hedging of Gold Price Risk in Overseas Markets |
| 8 | Guidance Note on Operational Risk Management and Operational Resilience |
| 9 | Master Direction – Risk Management and Inter-Bank Dealings: Amendments |
| 10 | Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024 |
| 11 | Priority Sector Lending – Amendments to the Master Directions |

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

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

January 5, 2024

Authorised Persons

Madam / Sir,

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

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

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

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

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

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

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For more details, kindly refer:

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

**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>

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

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

February 22, 2024

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

Dear Sir / Madam,

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

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

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

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

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

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

Yours faithfully

(Vaibhav Chaturvedi)
Chief General Manager

For more details, kindly refer:

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

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

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

February 28, 2024

All Commercial Banks
(excluding Regional Rural Banks)

Dear Sir / Madam,

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

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

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

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

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

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

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

**Applicability**

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

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

For more details, kindly refer:

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

**Master Circular – Basel III Capital Regulations**

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

April 01, 2024

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

Madam / Dear Sir,

**Master Circular – Basel III Capital Regulations**

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

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

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

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12652&Mode=0>

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

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

April 02, 2024

All Commercial Banks (excluding RRBs)

Madam/Dear Sir

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

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

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

Yours faithfully

(Vaibhav Chaturvedi)
Chief General Manager

For more details, kindly refer:

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

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

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

April 15, 2024

All Authorised Dealer Category – I Banks

Madam / Sir,

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

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

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

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

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

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For more details, kindly refer:

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

**Guidance Note on Operational Risk Management and Operational Resilience**

RBI/2024-25/31
DOR.ORG.REC.21/14.10.001/2024-25

April 30, 2024

**1. Purpose**

1.1 Operational Risk is inherent in all banking/ financial products, services, activities, processes, and systems. Effective management of Operational Risk is an integral part of the Regulated Entities’ (REs) risk management framework. Sound Management of Operational Risk shows the overall effectiveness of the Board of Directors and Senior Management in administering the RE’s portfolio of products, services, activities, processes, and systems.

1.2 An operational disruption can threaten the viability of an RE, impact its customers and other market participants, and ultimately have an impact on financial stability. It can result from man-made causes, Information Technology (IT) threats (e.g., cyber-attacks, changes in technology, technology failures, etc), geopolitical conflicts, business disruptions, internal/external frauds, execution/ delivery errors, third party dependencies, or natural causes (e.g., climate change, pandemic, etc.).

1.3 An RE needs to factor in the entire gamut of risks (including the aforesaid risks in its risk assessment policies/ processes), identify and assess them using appropriate tools, monitor its material operational exposures and devise appropriate risk mitigation/management strategies using strong internal controls to minimize operational disruptions and continue to deliver critical operations, thus ensuring operational resilience.

1.4 Until recently, the predominant Operational Risks that REs faced emanated from vulnerabilities related to increasing dependence and rapid adoption of technology for provision of financial services and intermediation. However, the financial sector’s growing reliance on third-party providers (including technology service providers) exacerbated by Covid-19 pandemic with greater reliance on virtual working arrangements, has highlighted the increasing importance of Operational Risk Management and Operational Resilience; which not only benefits the RE by strengthening its ability to remain a viable going concern but also supports the financial system by ensuring continuous delivery of critical operations during any disruption.

1.5 In view of the foregoing, the Reserve Bank, through this Guidance Note on Operational Risk Management and Operational Resilience (hereafter ‘Guidance Note’) intends to:

1.5.1 promote and further improve the effectiveness of Operational Risk Management of the REs, and

1.5.2 enhance their Operational Resilience given the interconnections and interdependencies, within the financial system, that result from the complex and dynamic environment in which the REs operate.

1.6 This Guidance Note updates the “[Guidance Note on Management of Operational Risk” dated October 14, 2005](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=2533&Mode=0). It has been prepared based on the Basel Committee on Banking Supervision (BCBS) principles documents issued in March 2021, viz., (a) ‘Revisions to the Principles for the Sound Management of Operational Risk’ and (b) ‘Principles for Operational Resilience’ as well as the some of the international best practices.

1.7 The Guidance Note has adopted a principle-based and proportionate approach to ensure smooth implementation across REs of various sizes, nature, complexity, geographic location and risk profile of their businesses. Although the exact approach may vary from RE to RE, the Guidance Note provides an overarching guidance to REs for improving and further strengthening their Operational Risk Management Framework (ORMF). It gives adequate flexibility to REs for Operational Risk Management to enhance their ability to withstand, adapt and recover from potential operational disruptions and ensure their Operational Resilience. The systems, procedures and tools prescribed in this Guidance Note are indicative in nature and should be read in conjunction with the relevant instructions issued by Reserve Bank from time to time. In case of inconsistency, if any, the relevant instructions issued by the Reserve Bank would prevail.

1.8 The operational risk regulatory capital requirements shall continue to be guided by the applicable guidelines[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12679&Mode=0#FN1).

**2. Application**

2.1 This Guidance Note shall apply to the following REs:

2.1.1 All Commercial Banks[2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12679&Mode=0#FN2);

2.1.2 All Primary (Urban) Co-operative Banks/State Co-operative Banks/Central Co-operative Banks;

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

2.1.4 All Non-Banking Financial Companies including Housing Finance Companies.

**3. Repeal and Transitional Arrangements**

With the issuance of this Guidance Note the “[Guidance Note on Management of Operational Risk” dated October 14, 2005](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=2533&Mode=0), stands repealed.

**4. Key changes**

Key changes carried out in this Guidance Note vis-à-vis the repealed Guidance Note are given in [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12679&Mode=0#ANN).

Yours faithfully,

(Sunil T. S. Nair)
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12679&Mode=0>

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

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

May 03, 2024

To,

All Authorised Persons

Madam/Sir,

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

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

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

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

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

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

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

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For more details, kindly refer:

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

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

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

May 08, 2024

To

All eligible market participants

Madam/Sir

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

Please refer to Paragraph 10 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49343) announced as a part of the [Bi-monthly Monetary Policy Statement for 2019-20 dated February 06, 2020](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49342), on issuance of the Directions regarding exchange of variation margin (VM) and initial margin (IM) for non-centrally cleared derivatives (NCCDs).

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

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

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For more details, kindly refer:

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

**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>