**DIPLOMA IN URBAN COOPERATIVE BANKING**

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

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

January 01, 2024

All Primary (Urban) Co-operative Banks

Madam/Sir,

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

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

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

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

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

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

Yours faithfully,

(Sunil T. S. Nair)  
Chief General Manager

For more details, kindly refer:

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

**Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions**

RBI/2023-24/105  
DOR.SOG (LEG).REC/64/09.08.024/2023-24

January 1, 2024

Madam / Dear Sir

**Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions**

As per extant instructions, the credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014, are required to be transferred by banks to DEA Fund maintained by the Reserve Bank of India.

2. As a measure to assist the account holders and with a view to consolidating and rationalising the extant instructions on inoperative accounts, a review was carried out in consultation with all stakeholders. Based on the review, it has been decided to issue comprehensive guidelines on the measures to be put in place by the banks covering various aspects of classifying accounts and deposits as inoperative accounts and unclaimed deposits, as the case may be, periodic review of such accounts and deposits, measures to prevent fraud in such accounts/deposits, grievance redressal mechanism for expeditious resolution of complaints, steps to be taken for tracing the customers of inoperative accounts/ unclaimed deposits including their nominees/ legal heirs for re-activation of accounts, settlement of claims or closure and the process to be followed by them. These instructions (provided in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12589&Mode=0#AS)) are expected to complement the ongoing efforts and initiatives taken by banks and the Reserve Bank, to reduce the quantum of unclaimed deposits in the banking system and return such deposits to their rightful owners/ claimants.

3. These instructions are issued in exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949 read with Sections 26A, 51 and 56 of the Act ibid and all other provisions of this Act or any other laws enabling Reserve Bank to issue instructions in this regard.

4. This circular is applicable to all Commercial Banks (including RRBs) and all Co-operative Banks.

5. The revised instructions shall come into effect from **April 1, 2024**.

Yours faithfully

(Sunil T S Nair)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12589&Mode=0>

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

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

January 04, 2024

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir/Madam,

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

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

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

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

3. Consequently, the sub-clause (xvii) of clause (a) of Section 3 of the above quoted Master Direction has been removed. The relevant Sections of the [MD on KYC](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11566) are hereby amended to reflect the changes as mentioned above.

Yours faithfully,

(Saidutta Sangram Keshari Pradhan)  
General Manager

For more details, kindly refer:

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

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

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

January 15, 2024

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

Madam / Dear Sir,

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

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

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

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

Yours faithfully,

(Rajnish Kumar)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12599&Mode=0>

**Master Circular- Exposure Norms and Statutory / Other Restrictions - UCBs**

RBI/2023-24/114  
DoR.CRE.REC.71/07.10.002/2023-24

January 16, 2024

The Chief Executive Officers

All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

**Master Circular- Exposure Norms and Statutory / Other Restrictions - UCBs**

Please refer to [RBI Master Circular DCBR.CO.BPD. (PCB) MC No.13/13.05.000/2015-16 dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9866) on the captioned subject (available at RBI website [www.rbi.org.in](https://www.rbi.org.in/)). The updated [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12600&Mode=0#MC) consolidates all the instructions / guidelines on the subject issued till date.

Yours faithfully,

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12600&Mode=0>

**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>

**Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024**

RBI/DoS.DSG/2023-24/110  
DoS.DSG.No.10/33.01.001/2023-24

February 27, 2024

All Commercial Banks excluding Regional Rural Banks  
All Primary (Urban) Cooperative Banks  
Select All India Financial Institutions (Exim Bank, NABARD, NHB, SIDBI and NABFID)  
All Non-Banking Financial Companies (excluding Housing Finance Companies) and All Asset Reconstruction Companies

Madam/ Dear Sir,

**Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024**

Please refer to paragraph 4 of [Statement on Developmental and Regulatory Policies dated August 10, 2023](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56174). All Supervised Entities (SEs) are required to submit certain supervisory returns to the Reserve Bank as per various directions / circulars/ notifications issued by the Bank from time to time.

2. In order to create a single reference for all Supervisory Returns and to harmonize the timelines for filing of returns, all the relevant instructions have been rationalised and consolidated into a single Master Direction. In exercise of powers conferred under sub section (2) of section 27 and section 35A of the Banking Regulation Act, 1949 as amended from time to time; Section 56 of the Banking Regulation Act, 1949 and extant provisions of The Banking Regulations (Co-operative Societies) Rules, 1966; extant provisions of Chapters IIIA and IIIB of the Reserve Bank of India Act, 1934; and pursuant to section 12 A of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues this Master Direction hereinafter specified.

3. The summary of changes introduced in this Direction over the extant instructions is given in [Annex I](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A1.pdf). The list of underlying notifications / circulars which form the basis of this Master Direction and are hereby being repealed (whole or in part) is furnished in [Annex II](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A2.pdf). The set of applicable returns to be filed by SEs and the general description of the returns are compiled and presented in [Annex III](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A3.pdf), with the alternate timelines for returns submission enlisted in [Annex IV](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A4.pdf). Guidance on filing of these returns are available on Bank’s Website under the ‘Regulatory Reporting’ tab. Details of online portals for filing of applicable returns by SEs are given in [Annex V](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A5.pdf). The list of abbreviations used in this Master Direction is provided in [Annex VI](https://rbidocs.rbi.org.in/rdocs/content/pdfs/110MD27022024_A6.pdf).

4. It is clarified that submission of other regulatory/statutory returns will not be affected by these Directions.

Yours faithfully,

(Dr. Vijay Singh Shekhawat)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12613&Mode=0>

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

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

February 29, 2024

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

Dear Sir / Madam,

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

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

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

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

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

Yours faithfully,

(Gunveer Singh)  
Chief General Manager-in-Charge

For more details, kindly refer:

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

**Master Circular on Board of Directors - UCBs**

RBI/2024-25/01  
DoR.HGG.GOV.No.1/18.10.010/2024-25

April 1, 2024

The Managing Director/Chief Executive Officer  
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

**Master Circular on Board of Directors - UCBs**

Please refer to our [Master Circular DCBR.BPD (PCB/RCB) Cir.No.2/14.01.062/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9809) on the captioned subject (available at RBI website [www.rbi.org.in](https://www.rbi.org.in/)). The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12642&Mode=0#MC1) consolidates and updates all the instructions / guidelines on the subject issued till date.

Yours faithfully

(Scenta Joy)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12642&Mode=0>

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

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

April 01, 2024

The Managing Director/ Chief Executive Officers  
All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

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

Please refer to our [Master Circular DoR.STR.REC.4/09.27.000/2023-24 dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12469) on the captioned subject (available at RBI website <https://rbi.org.in/>). Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0#MC), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0#ANN). It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

Yours faithfully

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0>

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

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

April 01, 2024

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

Madam/Dear Sir

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

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

Yours faithfully

(Nisha Nambiar)  
Chief General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12649&Mode=0>

**Master Circular - Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)**

RBI/2024-25/09  
DOR.CAP.REC.5/09.18.201/2024-25

April 01, 2024

All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

**Master Circular - Prudential Norms on Capital Adequacy - Primary (Urban) Co-operative Banks (UCBs)**

Please refer to our [Master Circular DOR.CAP.REC.11/09.18.201/2023-24 dated April 20, 2023](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12490) on the captioned subject.

2. The enclosed [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12654&Mode=0#MC1) consolidates and updates all the instructions / guidelines on the subject issued up to March 31, 2024 as listed in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12654&Mode=0#APP).

Yours faithfully

(Usha Janakiraman)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12654&Mode=0>

**Master Circular - Housing Finance for UCBs**

RBI/2024-25/10  
DOR.CRE.REC.No.6/07.10.002/2024-25

April 2, 2024

All Primary (Urban) Co-operative Banks

Madam/Dear Sir,

**Master Circular - Housing Finance for UCBs**

Please refer to the [Master Circular DOR.CRE.REC.No.9/07.10.002/2023-24 dated April 11, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12488)on the captioned subject, consolidating the instructions / guidelines issued to UCBs till April 10, 2023. Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12655&Mode=0#MC), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the [Appendix](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12655&Mode=0#AP). 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=12655&Mode=0>

**Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs**

RBI/2024-25/13  
DOR.STR.REC.9/21.04.048/2024-25

April 02, 2024

The Chief Executive Officers  
All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

**Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs**

Please refer to our [Master Circular DOR.STR.REC.14/21.04.048/2023-24 dated May 8, 2023](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12499) 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=12658&Mode=0#MC1), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in [Annex 9](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12658&Mode=0#AN9). 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=12658&Mode=0>

**Key Facts Statement (KFS) for Loans & Advances**

RBI/2024-25/18  
DOR.STR.REC.13/13.03.00/2024-25

April 15, 2024

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

**Key Facts Statement (KFS) for Loans & Advances**

Please refer to our instructions on Key Facts Statement (KFS) and disclosure of Annual Percentage Rate (APR) as contained in paragraph 2 of [Circular on ‘Display of information by banks’ dated January 22, 2015](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9508&Mode=0); paragraph 6 of [Master Direction on ‘Regulatory Framework for Microfinance Loans’ dated March 14, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12256); and paragraph 5 of ‘[Guidelines on Digital Lending’ dated September 2, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0).

2. As announced in the [Statement on Developmental and Regulatory Policies dated February 8, 2024](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57276), it has been decided to harmonize the instructions on the subject. This is being done in order to enhance transparency and reduce information asymmetry on financial products being offered by different regulated entities, thereby empowering borrowers for making an informed financial decision. The harmonised instructions shall be applicable in cases of all retail and MSME term loan products extended by all regulated entities (REs).

3. For the purpose of this circular, following terms have been defined:

**(a) Key Facts** of a loan agreement between an RE/a group of REs and a borrower are legally significant and deterministic facts that satisfy basic information required to assist the borrower in taking an informed financial decision.

**(b) Key Facts Statement (KFS)** is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardised format.

**(c) Annual Percentage Rate (APR)** is the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.

**(d) Equated Periodic Instalment (EPI)** is an equated or fixed amount of repayments, consisting of both the principal and interest components, to be paid by a borrower towards repayment of a loan at periodic intervals for a fixed number of such intervals; and which result in complete amortisation of the loan. EPIs at monthly intervals are called EMIs.

Other words and expressions not defined above, but used in this circular, shall have the same meaning as assigned to them under the [Master Direction on Interest Rate on Advances (2016)](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10295) as updated from time to time or any other relevant regulation issued by the Reserve Bank.

4. REs shall provide a KFS to all prospective borrowers to help them take an informed view before executing the loan contract, as per the standardised format given in the [**Annex A**](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_A.pdf). The KFS shall be written in a language understood by such borrowers. Contents of KFS shall be explained to the borrower and an acknowledgement shall be obtained that he/she has understood the same.

5. Further, the KFS shall be provided with a unique proposal number and shall have a validity period of at least three working days for loans having tenor of seven days or more, and a validity period of one working day for loans having tenor of less than seven days.[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12663&Mode=0#F1)

*Explanation*

Validity period refers to the period available to the borrower, after being provided the KFS by the RE, to agree to the terms of the loan. The RE shall be bound by the terms of the loan indicated in the KFS, if agreed to by the borrower during the validity period.

6. The KFS shall also include a computation sheet of annual percentage rate (APR), and the amortisation schedule of the loan over the loan tenor. APR will include all charges which are levied by the RE. Illustrative examples of calculation of APR and disclosure of repayment schedule for a hypothetical loan are given in [**Annex B**](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_B.pdf)**and**[**C**](https://rbidocs.rbi.org.in/rdocs/content/pdfs/CIRCULARKFS1504242_C.pdf)**respectively**.

7. Charges recovered from the borrowers by the REs on behalf of third-party service providers on actual basis, such as insurance charges, legal charges etc., shall also form part of the APR and shall be disclosed separately. In all cases wherever the RE is involved in recovering such charges, the receipts and related documents shall be provided to the borrower for each payment, within a reasonable time.

8. Any fees, charges, etc. which are not mentioned in the KFS, cannot be charged by the REs to the borrower at any stage during the term of the loan, without explicit consent of the borrower.

9. The KFS shall also be included as a summary box to be exhibited as part of the loan agreement.

**Exemptions**

10. Credit card receivables are exempted from the provisions contained under this circular.

**Applicability and Commencement**

11. REs shall put in place the necessary systems and processes to implement the above guidelines at the earliest. In any case, all new retail and MSME term loans sanctioned on or after October 1, 2024, including fresh loans to existing customers, shall comply with the above guidelines in letter and spirit without any exception. During the interregnum, the relevant provisions on ‘KFS/Factsheet’ under the extant guidelines shall continue to remain applicable, including the ‘[Guidelines on Digital Lending](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0)’, the [Master Direction on ‘Regulatory Framework for Microfinance Loans’](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12256), and the [circular on ‘Display of Information by Banks’](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9508&Mode=0).

**Legal Provisions**

12. The above instructions are issued under sections 21, 35A and 56 of the Banking Regulation Act, 1949, sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934, and sections 30A and 32 of the National Housing Bank Act, 1987.

**Repeal**

13. With the issue of these guidelines, the instructions/guidelines contained in the following circulars, issued by the Reserve Bank stand repealed.

|  |  |  |  |
| --- | --- | --- | --- |
| **No** | **Circular No.** | **Date** | **Subject** |
| 1. | [DBR.Leg.No.BC.64/09.07.005/2014-15](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=9508&Mode=0) | January 22, 2015 | Para 2 (b) of Circular on Display of information by banks |
| 2. | [DoR.FIN.REC.95/03.10.038/2021-22](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12256) | March 14, 2022 | Para 6.3, 6.4 & 6.5 of Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 |
| 3. | [DOR.CRE.REC.66/21.07.001/2022-23](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0) | September 02, 2022 | Para 5.1, 5.2 of Guidelines on Digital Lending |

All the repealed circulars/provisions shall be deemed to have been in force during the relevant periods, prior to the coming into effect of these directions.

Yours faithfully,

Vaibhav Chaturvedi  
(Chief General Manager)

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12663&Mode=0>

**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>