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FROM THE GOVERNMENT



सत्यमेव जयते

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Corporate Laws

Securities and Exchange Board of India

01 Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction”

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/37 dated 21.03.2025]

1. SEBI Circular dated February 14, 2025 (link) (“the Circular”) required listed entities to follow the Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction” (“Industry Standards”) with effect from April 1, 2025.
2. SEBI has received feedback from various stakeholders requesting extension of timeline for applicability of the Industry Standards. Accordingly, it has been decided that the effective date of the Circular shall be July 1, 2025.
3. The Industry Standards Forum (“ISF”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, which had formulated the Industry Standards, shall take into consideration the feedback received for simplification of the Industry Standards and release the same in a time-bound manner to meet the revised timelines.
4. The Stock Exchanges are advised to bring the contents of this Circular to the notice of their listed entities.
5. This Circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
6. This Circular is available on SEBI website at www.sebi.gov.in under the category: ‘Legal → Circulars’.

RAJ KUMAR DAS
Deputy General Manager

02 Facilitating ease of doing business relating to the framework on “Alignment of interest of the Designated Employees of the Asset Management Company (AMC) with the interest of the unitholders”

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated 21.03.2025]

1. With an objective to facilitate ease of doing business for Mutual Funds, amendments to SEBI (Mutual

Funds) Regulations, 1996 (‘MF Regulations’) were carried out to relax the regulatory framework relating to ‘Alignment of interest of the Designated Employees of the AMCs with the interest of the unitholders’ (hereinafter referred to as ‘skin in the game requirements’). The amendments have been notified vide notification dated February 14, 2025 (link to the Gazette notification) and March 04, 2025 (link to the Gazette notification). The said amendments shall be applicable from April 01, 2025.

2. Accordingly, in terms of Regulation 25 (16B) of MF Regulations, the Master Circular for Mutual Funds dated June 27, 2024 (‘Master Circular’) has been modified as under:

PETER MARDI
Deputy General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

03 Disclosure of holding of specified securities in dematerialized form

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/35 dated 20.03.2025]

1. Regulation 31 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), deals with the disclosure of shareholding pattern and manner of maintaining shareholding in dematerialized format.
2. Accordingly, SEBI vide Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 (as amended) (“the Circular”), prescribed formats for disclosure of holding of specified securities and shareholding pattern under Annexure 2 of section II-A of chapter II to the Circular.
3. Based on the requests received from Depositories, Stock Exchanges and in the interest of providing further clarity & transparency in the disclosure of shareholding pattern to the investors in the securities market, the Annexure 2 of section II-A of chapter II to the Circular is being partially modified as under:
 - a. Table I-IV of the shareholding pattern has been amended as under:
 - i. details of Non-Disposal Undertaking (‘NDU’), Other encumbrances, if any and total number of shares pledged or otherwise encumbered including NDU shall be disclosed by the listed entities.
 - ii. It is clarified that underlying outstanding convertible securities also includes ESOPs i.e. the existing header of column X as “No. of Shares Underlying Outstanding convertible securities (including Warrants, ESOP etc.)
 - iii. adding one additional column in the existing shareholding pattern format to capture the details of total number of shares on fully diluted basis (including warrants, ESOP, Convertible Securities etc.)

- b. Table II of the shareholding pattern has been amended as under:
 - i. A footnote has been added to the table II that provides the details of promoter and promoter group with shareholding “NIL”.

The revised formats of the aforementioned are placed at Annexure A.

4. Accordingly, the Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 stands modified to the extent as stated at paragraph no. 3 above.
5. The Stock Exchanges are accordingly advised to:
 - a. bring the provisions of this circular to the notice of all the companies whose securities are listed in the exchange and also to disseminate the same on the website of the stock exchange.
 - b. make amendments to the relevant bye-laws, rules and regulations for the implementation of the terms of this circular, if necessary.
6. The Depositories are also directed to update their systems to capture the abovementioned changes.
7. This Circular shall come into force with effect from the quarter ending June 30, 2025.
8. This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 31 and 101(2) of Listing Regulations.
9. A copy of this Circular is available at www.sebi.gov.in under the categories “Legal Framework→Circulars”.

RAJ KUMAR DAS

Deputy General Manager

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04 Online Filing System for reports filed under Regulation 10(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/DCRI/CIR/P/2025/0034 dated 20.03.2025]

1. As per Regulation 10(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulations”), an acquirer is required to submit a report along with supporting documents and non-refundable fee to SEBI in respect of any acquisition of or increase in voting rights pursuant to certain exemptions provided for in Regulation 10. Presently, these reports are submitted through email at cfddcr@sebi.gov.in.
2. In order to facilitate ease of operations in terms of submission and processing of these reports, it has been decided to introduce an online system for filing of these reports through SEBI Intermediary Portal (SI Portal) at <https://siportal.sebi.gov.in>.

3. Accordingly, in the first phase, it has been decided to enable filing of two reports under Regulation 10(7), in respect of exemptions provided for in Regulation 10(1)(a)(i) and Regulation 10(1)(a)(ii) of Takeover Regulations, through SI Portal.

Filing of reports in respect of other exemptions provided for in Regulation 10 shall continue as per the existing system of filing, i.e., through email.

4. The mechanism for filing reports under Regulation 10(7) in respect of exemptions provided for in Regulation 10(1)(a)(i) and Regulation 10(1)(a)(ii) of Takeover Regulations shall be as follows:
 - 4.1. Filing of reports through SI Portal in respect of exemptions provided for in Regulation 10(1)(a)(i) and Regulation 10(1)(a)(ii) of Takeover Regulations shall run in parallel with the existing system of filing these reports through email;
 - 4.2. The simultaneous filing of these reports through e-mail and SI Portal shall commence from the date of issuance of this circular and the same shall continue till May 14, 2025;
 - 4.3. With effect from May 15, 2025, only the online system for filing these reports through SI Portal shall be the permissible mode for compliance with aforesaid Regulations;
 - 4.4. From the date of issuance of this circular, payment of fees in respect of these two reports shall be enabled through SI Portal and the process of filing these two reports shall be complete only upon payment of fees through SI Portal.

Accordingly, payment of fees through the link available on SEBI website (<https://eservices.sebi.gov.in/paymentmodule>) shall not be available in respect of these two reports;

- 4.5. In case of any queries or clarifications regarding filing of these reports or related fees, Portal Helpline may be contacted at +9122-2644-9364 or portalhelp@sebi.gov.in.
5. The provisions of this circular shall come into effect from the date of this circular.
6. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with the aforementioned regulations of Takeover Regulations, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.
7. This circular is available on SEBI website at www.sebi.gov.in under the category “Legal → Circulars”.

SRISHTI AMBOKAR

Deputy General Manager

05 Harnessing DigiLocker as a Digital Public Infrastructure for reducing Unclaimed Assets in the Indian Securities Market

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2025/32 dated 19.03.2025]

1. In line with its core mandate of investor protection and safeguarding investor interests, SEBI has directed its efforts towards minimizing the creation of Unclaimed Assets (UA) in the securities market. To address this issue in the Indian securities market, SEBI has implemented several measures, including:
 - a) stipulation of norms for inactive / dormant accounts and folios,
 - b) mandating furnishing of contact and bank details by investors,
 - c) mandating investors to either provide nomination or expressly opt-out from making a nomination,
 - d) simplification of norms for transmission,
 - e) centralized mechanism for reporting demise of investor
2. With a view towards reducing unidentified UA1 in the Indian securities market, it is proposed to harness the prowess of digital public infrastructure (specifically Digital Locker mechanism i.e. 'DigiLocker') and of the KRAs registered with the Board.
3. DigiLocker
 - 3.1. DigiLocker is digital document wallet of the Government of India (GoI), facilitating citizens in obtaining and storing documents like Aadhaar, PAN, Driving Licence, Death Certificate, etc. 'Issued documents' in DigiLocker are deemed to be at par with originals as per Section 9 A of Information Technology Act, 2000. The functionalities, features and benefits of DigiLocker are enumerated in Annexure – A to this circular.
 - 3.2. GoI, vide office memorandum dated December 28, 2020, has stipulated that Entities / Institutions delivering citizen services shall integrate their system with DigiLocker. Bank account statement, insurance policy and statement of New Pension Scheme (NPS) are already available in the DigiLocker.
 - 3.3. The inclusion of MF and demat holding statements within DigiLocker, can make available the entire financial holdings of individuals in a single account - DigiLocker.
4. DigiLocker Nominee/s DigiLocker also provides nomination facility to its users. The nominee/s

specified by the user is/are authorised to access the digital information of the user upon the demise of the user. While specifying the nominee, the user is required to provide the mobile number and e-mail address of the nominee.

S. MANJESH ROY
General Manager

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06 Framework on Social Stock Exchange ("SSE")

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2025/33 dated 19.03.2025]

1. SEBI vide its circular SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022 notified the detailed framework on Social Stock Exchange. The same was amended vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2023/196 dated December 28, 2023.
2. Based on recommendations of the Social Stock Exchange Advisory Committee and public comments received in respect of the Consultation paper in the matter, it is decided to review the existing minimum application size for subscribing to Zero Coupon Zero Principal Instruments from Rs. 10,000 (Rupees ten thousand only) to a lower amount i.e. Rs. 1,000 (Rupees one thousand only).
3. Accordingly, the minimum application size in respect of issuance of Zero Coupon Zero Principal Instruments, prescribed under Paragraph 1, subparagraph AC, point (4) of the aforementioned Circular shall read as under:

"(4) The minimum application size shall be rupees one thousand."
4. This Circular is issued in exercise of the powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 299 of SEBI ICDR Regulations, to protect the interests of investors and to promote the development of, and to regulate the securities market and shall come into effect immediately.
5. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories "Legal → Circulars".

YOGITA JADHAV
Chief General Manager

07 Faster Rights Issue with a flexibility of allotment to specific investor(s)

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31 dated 11.03.2025]

1. The new framework for Rights Issue process has been introduced vide notification of SEBI

(Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025, with Gazette ID CG-DL-E-08032025-261516 published in the Official Gazette on March 08, 2025. The same is available at this link.

- As part of the new framework, in terms of amended Regulation 85 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations), it is being specified that Rights Issues shall be completed within 23 working days from the date of Board of Directors of the Issuer approving the Rights Issue.
- Accordingly, the revised timelines for completion of the various activities involved in Rights Issue process from the date of Board of Directors of the Issuer approving the Rights Issue till the date of closure of Rights Issue are placed at Annexure I.
- If the Issuer is making a Rights Issue of convertible debt instruments, wherein shareholders' approval is required, then the timelines for Rights Issue would be adjusted accordingly owing to shareholders' approval as mentioned in Annexure I.
- In terms of Regulation 87 of SEBI ICDR Regulations and in view of the revised timelines, it is being specified that Rights Issue shall be kept open for subscription for a minimum period of seven days and for a maximum period of thirty days.

System for Validation of Bids

- Validation of application bids received for subscribing to the shares in Rights Issue and finalization of basis of allotment shall also be carried out by the Stock Exchanges and Depositories along with the Registrar to the issue.
- A system for automated validation of applications by the investors shall be developed by the Stock Exchanges and Depositories within a period of six months from the date of applicability of this Circular.

VIMAL BHATTER

Deputy General Manager

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08 Relaxation in timeline for reporting of differential rights issued by AIFs

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/29 dated 03.03.2025]

- Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") have been amended and notified on November 18, 2024, with respect to maintaining pro-rata and pari-passu rights of investors in a scheme of an AIF.
- Subsequently, SEBI Circular dated December 13, 2024 on 'Pro-rata and pari-passu rights of investors of AIFs'

prescribed, inter-alia, the framework with respect to differential rights that may be offered by AIFs to select investors without affecting the rights of other investors.

- In terms of para 17.1. of the aforesaid SEBI circular, a one-time reporting requirement has been mandated for AIFs/schemes of AIFs whose PPMs were filed with SEBI on or after March 01, 2020, and have issued differential right(s) which do not fall under the implementation standards formulated by Standard Setting Forum for AIFs. Such information was to be submitted to SEBI in the prescribed format, on or before February 28, 2025.
- Based on representation received from the AIF industry requesting additional time to meet the aforesaid reporting requirement, it has been decided to extend the said timeline to March 31, 2025, for ease of compliance.
- This circular shall come into force with immediate effect.
- This circular is issued with the approval of the competent authority.
- This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulations 20(22) and 36 of AIF Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

SANJAY SINGH BHATI

Deputy General Manager

Reserve Bank of India

09 Special Clearing Operations on March 31, 2025

[Issued by the Reserve Bank of India vide RBI/2024-25/134 CO.DPSS. RPPD.No.S1278/03-01-002/2024-2025 dated 28.03.2025]

A reference is invited to the circular issued by Department of Government and Bank Accounts (DGBA) vide CO.DGBA.GBD.No.S1003/42-01-029/2024-2025 dated March 17, 2025 addressed to all the agency banks on Annual Closing of Government Accounts – Transactions of Central/State Governments – Special Measures for the Current Financial Year (2024-25).

- Normal clearing timings under Cheque Truncation System (CTS) as applicable to any working "Monday" shall be followed on March 31, 2025. Further, to facilitate accounting of all the Government transactions for the current financial year (2024-25) by March 31, 2025, it has been decided to conduct Special Clearing under CTS exclusively for Government Cheques on March 31, 2025 as detailed below:

Date	Presentation Session	Return Session
March 31, 2025 (Monday)	17:00 Hours to 17:30 Hours	19:00 Hours to 19:30 Hours

- It is mandatory for all banks to participate in the special clearing operations on March 31, 2025. All the member banks of CTS are also required to keep their inward clearing processing infrastructure open during the Special Clearing hours and maintain sufficient balance in their clearing settlement account to meet settlement obligations arising out of the Special Clearing.
- Member banks are advised to adhere to the instructions contained in this circular as well as instructions issued by the President of the National Grid Clearing House. Member banks may also be guided by the circular NPCI/2016-17/CTS/Circular No.32 dated October 3, 2016 issued by NPCI regarding clearing type for instruments to be presented in Special Clearing sessions.

SUDHANSHU PRASAD

Chief General Manager

10 General Notification for Sale and Issue of Government of India Securities (including Treasury Bills and Cash Management Bills)

[Issued by the Reserve Bank of India vide RBI/2024-25/133 Ref. No.IDMD.2320/08.01.01/2024-25 dated 27.03.2025]

Please refer to our circulars IDMD.2592/08.01.01/2017-18 dated April 09, 2018, forwarding therewith a copy of the General Notification F.No.4(2)-W&M/2018 dated March 27, 2018 issued by the Government of India for sale of Government of India Securities, and IDMD. 2593/08.01.01/2017-18 dated April 09, 2018, forwarding therewith a copy of the General Notification F.No.4(2)-W&M/2018 dated March 27, 2018 issued by the Government of India for sale of Government of India Treasury Bills/Cash Management Bills by auction.

- Government of India have now issued the General Notification F.No.4(2)-B(W&M)/2018 dated March 26, 2025, for sale and issue of Government of India Securities (including Treasury Bills and Cash Management Bills) in supersession of the above-mentioned General Notifications, a copy of which is enclosed.

DR. SUDARSANA SAHOO

General Manager

11 Gold Monetization Scheme (GMS), 2015 - Amendment

[Issued by the Reserve Bank of India vide RBI/2024-25/132 DoR.AUT. REC.71/23.67.001/2024-25 dated 25.03.2025]

Government of India, vide its press release ID 2115009 dated March 25, 2025 regarding Gold Monetization Scheme (GMS) has decided to discontinue the Medium

Term and Long Term Government Deposit (MLTGD) components of GMS with effect from March 26, 2025. Accordingly, any gold deposits tendered at the designated Collection and Purity Testing Centre (CPTC) or GMS Mobilisation, Collection & Testing Agent (GMCTA) or the designated bank branches towards MLTGD component of GMS shall not be accepted after March 25, 2025. The designated banks, at their discretion, may offer Short Term Bank Deposits (STBD) under GMS. The MLTGD mobilized till March 25, 2025 shall continue till redemption as per the extant guidelines.

- Accordingly, in exercise of the powers conferred on the Reserve Bank of India under Section 35A of the Banking Regulation Act, 1949, the Master Direction No.DBR.IBD.No.45/23.67.003/2015-16 dated October 22, 2015 on Gold Monetization Scheme, 2015 is being amended. The amended provisions of the Master Direction are enclosed in the Annex to this circular.
- Frequently Asked Questions relating to the provisions contained in the Master Direction are also being updated.

Commencement

- The amended provisions contained in this circular shall come into effect from March 26, 2025. The Master Direction is hereby updated to reflect the changes effected by the amendments to the Scheme.

Applicability

- This circular is applicable to all Scheduled Commercial Banks (other than Regional Rural Banks).

MANORANJAN PADHY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

12 Master Direction – Reserve Bank of India (Prudential Norms on Capital Adequacy for Regional Rural Banks) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/DOR/2024-25/129 DOR. CAPREC.No.70/21.06.201/2024-25 dated 25.03.2025]

The Reserve Bank of India has, from time to time, issued several guidelines / instructions / directives on Prudential Norms on Capital Adequacy for Regional Rural Banks (RRBs).

- To enable RRBs to have current instructions at one place, a Master Direction incorporating all the existing guidelines / instructions / directives on the subject has been prepared for reference. This Direction also incorporates suitable modifications to and rationalisation in existing guidelines.
- This Direction has been issued by RBI in exercise of its powers conferred under Section 35A of the Banking Regulation Act, 1949, and of all the powers enabling it in this behalf.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

13 Master Directions - Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/FIDD/2024-25/128 Master Directions FIDD.CO.PSD.BC.13/04.09.001/2024-25 dated 24.03.2025]

The Reserve Bank of India has, from time to time, issued a number of instructions/ guidelines to banks relating to Priority Sector Lending (PSL). The Master Directions enclosed incorporate the updated instructions/guidelines on the subject.

- These Directions shall come into effect on April 01, 2025 and shall supersede the earlier Directions on the subject, namely, the Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2020 (Ref. FIDD.CO.Plan. BC.5/04.09.01/2020-21) dated September 04, 2020 (updated from time to time). All loans eligible to be categorised as Priority Sector Lending under the erstwhile Master Directions on PSL dated September 04, 2020 (updated from time to time) shall continue to be eligible for such categorisation under these Directions, till maturity.

NISHA NAMBIAR

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

14 Priority Sector Lending Certificates

[Issued by the Reserve Bank of India vide RBI/2024-25/131 FIDD.CO.PSD. BC.No.12/04.09.001/2024-25 dated 24.03.2025]

Please refer to para (v) of the Annex to circular RBI/2015-16/366/ FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 on the captioned subject.

- The item at serial no. 2 of the table in the above para may be read as follows:

S. No.	Type of PSLCs	Representing	Counting for
2.	PSLC - SF/MF	All eligible loans to small/marginal farmers	Achievement of SF/MF sub-target, Weaker Sections sub-target, NCF sub-target, agriculture target and overall PSL target

- Other contents of the circular shall remain the same.

NISHA NAMBIAR

Chief General Manager-in-Charge

15 Review of Priority Sector Lending (PSL) Target – Urban Co-operative Banks (UCBs)

[Issued by the Reserve Bank of India vide RBI/2024-25/130 DOR.CRE. REC.69/07.10.002/2024-25 dated 24.03.2025]

In terms of paragraph 3 of the circular DOR (PCB). BPD.Cir No.10/13.05.000/2019-20 dated March 13,

2020, read with paragraph 2 of the circular DOR.CRE. REC.18/07.10.002/2023-24 dated June 8, 2023, UCBs are required to achieve an overall PSL target of 75 per cent of ANBC¹ or CEOBSE², whichever is higher, by FY2025-26, with interim targets of 60 per cent (FY2023-24) and 65 per cent (FY2024-25).

- On a review, it has been decided that the overall PSL target for UCBs shall stand revised, FY2024-25 onwards, to 60 per cent of ANBC or CEOBSE, whichever is higher. The other provisions contained in the circular DOR.CRE.REC.18/07.10.002/2023-24 dated June 8, 2023, shall remain unchanged.
- Instructions contained in this circular supersede the extant relevant instructions as given in Annex to this circular.

VAIBHAV CHATURVEDI

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

16 Currency Chest operations on March 31, 2025

[Issued by the Reserve Bank of India vide RBI/2024-25/129 DCM (CC) No.S3811/03.51.001/2024-25 dated 24.03.2025]

In terms of instructions contained in circular DOR.CO.SOG(Leg)No.59/09.08.02 4/2024-25 dated February 11, 2025, all branches of the banks dealing with Government receipts and payments are to be kept open for transactions on March 31, 2025 (Monday-Public Holiday), so as to account for the Government transactions in FY 2024-25 itself. Since such transactions might necessitate operations at CCs, the banks are advised to keep their CCs open on March 31, 2025, akin to a normal working day.

- The CC holding banks shall keep the linked branches suitably informed.

SANJEEV PRAKASH

Chief General Manager-in-Charge

17 Treatment of Right-of-Use (ROU) Asset for Regulatory Capital Purposes

[Issued by the Reserve Bank of India vide RBI/2024-25/128 DOR.CAPREC. No.68/21.01.002/2024-25 dated 21.03.2025]

- Paragraphs 5.1.25 and 107.2 of the Master Direction - Reserve Bank of India (Non-Banking Financial Company (NBFC) – Scale Based Regulation) Directions, 2023 - (definition of Owned Fund and Common Equity Tier 1 (CET 1) capital)
- Paragraph 4.1.28 of the Master Direction - Non-Banking Financial Company - Housing Finance Company (HFC) (Reserve Bank) Directions, 2021 – (definition of Owned Fund)

- c) Paragraph 3.1(xxii) of the Core Investment Companies (Reserve Bank) Directions, 2016 – (definition of Owned Fund)
- d) Paragraph 3(a)(xxv) of the Mortgage Guarantee Companies (Reserve Bank) Directions, 2016 – (definition of Owned Fund)
- e) Paragraph 3.1(xi) of the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024 – (definition of Owned Fund)
- f) Paragraph 3(iv) of the Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016 – (definition of Tier 1 capital)

The instructions cited above require deducting the book value of intangible assets while calculating Owned Fund/ CET 1 capital/ Tier 1 capital.

- 2. In terms of Indian Accounting Standard (Ind AS) 116 - Leases, most leases will be reflected on a lessee's balance sheet as an obligation to make lease payments (a liability) and a related ROU asset (an asset). We have received references from various NBFCs (in their capacity as lessees) on the treatment of ROU assets for calculation of regulatory capital/ Owned Fund.
- 3. In this regard, it is clarified that regulated entities shall not be required to deduct an ROU asset (created in terms of Ind AS 116-Leases) from Owned Fund/ CET 1 capital/ Tier 1 capital (as the case may be), provided the underlying asset being taken on lease is a tangible asset. The ROU asset shall be risk-weighted at 100 per cent, consistent with the risk weight applied historically to the owned tangible assets.
- 4. The above revisions/changes have been incorporated in the respective Master Directions, as detailed in Annexure 1 to Annexure to 6 below.

Applicability

- 5. This circular is applicable, with immediate effect, to all NBFCs (including HFCs) and Asset Reconstruction Companies implementing Companies (Indian Accounting Standards) Rules, 2015.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

18 Amortisation of additional pension liability - Implementation of Pension Scheme in Regional Rural Banks with effect from November 1, 1993 - Prudential Regulatory Treatment

[Issued by the Reserve Bank of India vide RBI/2024-25/127 DOR.ACC. REC.No.67/21.04.018/2024-25 dated 20.03.2025]

In terms of NABARD circular NB.DoS.Pol. HO/2533/J-1/2019-20 dated December 12, 2019, Regional Rural Banks (RRBs) were earlier permitted to amortise their pension liability on account of RRB (Employee) Pension Scheme 2018 over a period of five years, beginning

with financial year ending March 31, 2019. RRBs are now required to implement the pension scheme with effect from November 1, 1993. However, in view of the difficulties expressed in absorbing the increased liability in a single year, it has been decided that RRBs may take the following course of action in the matter:

- a) The liability on account of applicability of pension scheme shall be fully recognised as per the applicable accounting standards.
- b) The expenditure, on account of revision in the pension, may, if not fully charged to the Profit and Loss Account during the financial year 2024-25, be amortised over a period not exceeding five years beginning with the financial year ending March 31, 2025, subject to a minimum of 20 per cent of the total pension liability involved being expensed every year.
- c) Appropriate disclosure of the accounting policy followed in this regard shall be made in the 'Notes to Accounts' to the financial statements. Banks shall also disclose the amount of unamortised expenditure and the consequential net profit if the unamortised expenditure had been fully recognised in the Profit & Loss Account.
- d) Pension related unamortised expenditure would not be reduced from Tier 1 Capital of the RRBs.

Applicability

- 2. This circular is applicable to all the RRBs with effect from financial year 2024-25.
- 3. The Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 shall be updated suitably to reflect these changes.

USHA JANAKIRAMAN

Chief General Manager-in-Charge

19 Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021: Clarifications

[Issued by the Reserve Bank of India vide RBI/2024-25/126 DOR.ACC. REC.No.66/21.04.018/2024-25 dated 20.03.2025]

The Reserve Bank has received queries and suggestions from banks and Indian Banks' Association (IBA) on certain aspects of disclosures in the notes to accounts to the financial statements as well as on the notes and instructions for compilation of balance sheet specified in the Annex II Part A of the Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021.

- 2. The queries and suggestions received, and the clarifications thereof are enclosed in the Annex.

Applicability

- 3. These instructions are applicable to all commercial and cooperative banks for preparation of financial

statements for the financial year ending March 31, 2025 and onwards.

- The Reserve Bank of India (Financial Statements-Presentation and Disclosures) Directions, 2021 shall be updated suitably to reflect these changes.

USHA JANAKIRAMAN

Chief General Manager-in Charge

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20 Asian Clearing Union (ACU) Mechanism – Indo-Maldives trade

[Issued by the Reserve Bank of India vide RBI/2024-2025/125 A.P. (DIR Series) Circular No. 22 dated 17.03.2025]

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Subclause (a)(ii) of Clause (I) of Sub regulation 2 of Regulations 3 of Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 in terms of which trade transactions between ACU member countries are to be routed through the ACU mechanism or as per the directions issued by the Reserve Bank of India.

- In the wake of signing of Memorandum of Understanding (MoU) between RBI and Maldives Monetary Authority in November 2024 for establishing a framework to promote the use of local currencies i.e., Indian Rupee (INR) and Maldivian Rufiyaa (MVR) for bilateral transactions, it has been decided that India's bilateral trade transactions with Maldives may also be settled in INR and/or MVR in addition to the ACU mechanism, as hitherto.
- The above instructions shall come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.
- The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

N. SENTHIL KUMAR

Chief General Manager

21 Annual Closing of Government Accounts – Transactions of Central / State Governments – Special Measures for the Current Financial Year (2024-25)

[Issued by the Reserve Bank of India vide RBI/2024-25/124 CO.DGBA. GBD.No.S1003/42-01-029/2024-2025 dated 17.03.2025]

All Government transactions done by agency banks for the Financial Year 2024-25 must be accounted for within the same financial year.

Accordingly, the following arrangements are put in place to report and account for Government transactions for March 31, 2025:

- All agency banks should keep all branches dealing with Government receipts and payments open for over the counter transactions related to Government transactions up to the normal working hours on March 31, 2025.
 - Special clearing will be conducted for collection of Government cheques on March 31, 2025 for which the Department of Payment and Settlement Systems (DPSS), RBI will issue necessary instructions.
 - Regarding reporting of Central and State Government transactions to RBI, including uploading of GST/ TIN 2.0/ ICEGATE/ State e-receipts luggage files, the reporting window of March 31, 2025, will be kept open till 1200 hours noon on April 1, 2025.
- Agency banks may take note and give adequate publicity to the special arrangements made as above.

INDRANIL CHAKRABORTY

Chief General Manager

22 Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 12 Entries

[Issued by the Reserve Bank of India vide RBI/2024-25/123 DOR. AML. REC.65/14.06.001/2024-25 dated 15.03.2025]

Please refer to Paragraph 51 of the RBI Master Direction on Know Your Customer dated February 25, 2016 as amended on November 06, 2024 (MD on KYC), in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

- In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC/16017 dated March 12, 2025 wherein the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities enacted the amendments specified with strikethrough and/or underline in the entries below on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban and arms embargo set out in paragraph 1of Security Council resolution 2734 (2024), and adopted under Chapter VII of the Charter of the United Nations.

VEENA SRIVASTAVA

Chief General Manager

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