

External Commercial Borrowings

A.P. (DIR Series) Circular No. 01 dated April 07, 2021

Parking of ECB proceeds domestically:

Presently ECB borrowers are allowed to park ECB proceeds meant for rupee expenditure in term deposits with AD Category I Bank in India for a maximum period of 12 months cumulatively. These term deposits should be kept in unencumbered position.

To provide relief to ECB borrowers affected by the COVID- 19 pandemic, as a one time measure, with effect from April 07, 2021, unutilised ECB proceeds drawn down on or before March 01, 2020 can be parked in term deposits with AD Category-I banks in India prospectively, for an additional period up to March 01, 2022.

1. RBI Notification No. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 Dated April 26, 2021

Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board

The revised instructions would be applicable to all the Private Sector Banks including Small Finance Banks (SFBs) and wholly owned subsidiaries of Foreign Banks. In respect of State Bank of India and Nationalised Banks, these guidelines would apply to the extent the stipulations are not inconsistent with provisions of specific statutes applicable to these banks or instructions issued under the statutes. The contents of this circular must be read along with other relevant governing statutes and shall be applicable notwithstanding anything to the contrary contained in the licensing conditions, notifications, directions, regulations, guidelines, instructions, etc., issued by the Reserve Bank before the issue of this circular. The circular will not be applicable in the case of foreign banks operating as branches in India. The applicability to other commercial banks viz., Local Area Banks, Payments Banks and Regional Rural Banks will be notified separately.

For further detailed reading on Chair, Audit Committee, Risk Management Committee, other administrative guidances, please refer to the link "<https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12078&Mode=0> "

2. RBI Notification No. RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 Dated April 27, 2021

Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

These guidelines will be applicable to the Commercial Banks (excluding RRBs), UCBs and NBFCs including HFCs (hereinafter referred to as the Entities) for Financial Year 2021-22 and onwards in respect of appointment/reappointment of SCAs/SAs¹ of the Entities. However, non-deposit taking NBFCs with asset size² below ₹ 1,000 crore have the option to continue with their extant procedure.

As RBI guidelines regarding appointment of SCAs/SAs shall be implemented for the first time for UCBs and NBFCs from FY 2021-22, they shall have the flexibility to adopt these guidelines from H2 (second half) of FY 2021-22 in order to ensure that there is no disruption.

Considering the above factors and the requirements of the Entity, the actual number of SCAs/SAs to be appointed shall be decided by the respective Boards/LMC, subject to the following limits:

Sl. No.	Asset Size of the Entity	Maximum number of SCAs/SAs
1.	Upto ₹ 5,00,000 crore	4
2.	Above ₹ 5,00,000 crore and	6

	Upto ₹ 10,00,000 crore	
3.	Above ₹ 10,00,000 crore and Upto ₹ 20,00,000 crore	8
4.	Above ₹ 20,00,000 crore	12

In terms of RBI guidelines on 'Norms on eligibility, empanelment and selection of Statutory Branch Auditors in Public Sector Banks (PSBs)', PSBs shall allot the Top 20 branches (to be selected strictly in order of the level of outstanding advances) to SCAs in such a manner as to cover a minimum of 15% of total gross advances of the bank by SCAs. For other Entities (excluding Payment Banks and Core Investment Companies), SCAs/SAs shall visit and audit at least the Top 20 branches/Top 20% of the branches of the Entities (in case of Entities having less than 100 branches), to be selected in order of the level of outstanding advances, in such a manner as to cover a minimum of 15% of total gross advances of the Entities. In addition, the banking companies and NBFCs shall ensure adherence to the provisions of Section 143 (8) of the Companies Act, 2013 regarding audit of accounts of all branches.

For Details of Eligibility Criteria, Remuneration, Engagement Selection and detailed guidelines, please refer the link "<https://www.rbi.org.in/scriptS/NotificationUser.aspx?Id=12079&Mode=0>"

RBI Has come with lots of circulars in this period. Details of them are stated in the table below;

Circular No. / Date	Pertains to	Website Link for further references
RBI/2021-2022/26 A.P. (DIR Series) Circular No.02 Dated April 29, 2021	Exim Bank's Government of India supported Line of Credit (LoC) of USD 250 million to the Government of the Republic of Mozambique	https://www.rbi.org.in/scriptS/NotificationUser.aspx?Id=12080&Mode=0
RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 Dated May 5, 2021	Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)	https://www.rbi.org.in/scriptS/NotificationUser.aspx?Id=12086&Mode=0
RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 Dated May 5, 2021	Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses	https://www.rbi.org.in/scriptS/NotificationUser.aspx?Id=12085&Mode=0
RBI/2021-2022/34 A.P. (DIR Series) Circular No.03 Dated May 6, 2021	Exim Bank's Government of India supported Line of Credit (LoC) of USD 7.35 million to the Government of the Republic of Nicaragua	https://www.rbi.org.in/scriptS/NotificationUser.aspx?Id=12088&Mode=0
RBI/2021-22/30 DoR.RET.REC.09/12.01.001/2021-22 Dated May 05, 2021	Credit to MSME Entrepreneurs Scheduled Commercial Banks were allowed to deduct the amount equivalent to credit disbursed to new MSME borrowers from their Net Demand and Time Liabilities (NDTL) for calculation of the Cash Reserve Ratio (CRR). This exemption is now available up to ₹ 25 lakh per borrower for the credit disbursed up to the fortnight ending 31st December, 2021.	https://www.rbi.org.in/scriptS/NotificationUser.aspx?Id=12084&Mode=0
RBI/2021-22/33 DoR.RET.REC.14/12.07.150/2021-22 Dated May 6, 2021	Exclusion of "Lakshmi Vilas Bank Ltd" from the Second Schedule to the Reserve Bank of India Act, 1934 w.e.f. November 27, 2020 vide Notification DOR.PSBD.No.1849/16.01.067/ 2020-21 dated December 17, 2020, which is published in the Gazette of India (Part III - Section 4) dated January	https://www.rbi.org.in/scriptS/NotificationUser.aspx?Id=12087&Mode=0

	16 – January 22, 2021.	
RBI/2021-22/38 A.P.(DIR Series) Circular No. 04 Dated May 12, 2021	<p>Sponsor Contribution to an AIF set up in Overseas Jurisdiction, including IFSCs</p> <p>It has been decided that any sponsor contribution from a sponsor IP to an Alternative Investment Fund (AIF) set up in an overseas jurisdiction, including International Financial Services Centres (IFSCs) in India, as per the laws of the host jurisdiction, will be treated as Overseas Direct Investment (ODI). Accordingly, IP, as defined in regulation 2(k) of the Notification ibid. can set up AIF in overseas jurisdictions, including IFSCs, under the automatic route provided it complies with Regulation 7 of the Notification FEMA 120/2004-RB.</p>	https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12092&Mode=0
RBI/2021-22/39 IDMD.CDD.No.45187/14.04.050/2021-22 Dated May 14, 2021	<p>Sovereign Gold Bond Scheme (SGB) 2021-22- Series I/II/III/IV/V/VI Government of India has vide its Notification No F.No 4.(5)-B (W&M)/2021 dated May 12, 2021 has announced the Sovereign Gold Bond Scheme 2021-22, Series I, II, III, IV, V and VI. Under the scheme there will be a distinct series (starting from Series I) for every tranche. The terms and conditions of the issuance of the Bonds shall be as per the above notification.</p>	https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12093&Mode=0
RBI/2021-22/40 DPSS.CO.PD.No.S-99/02.14.006/2021-22 Dated May 19, 2021	<p>Prepaid Payment Instruments (PPIs) – (i) Mandating Interoperability; (ii) Increasing the Limit to ₹ 2 lakh for Full-KYC PPIs; and (iii) Permitting Cash Withdrawal from Full-KYC PPIs of Non-Bank PPI Issuers</p>	https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12094&Mode=0