

SUPPLEMENT MATERIAL REFERENCE INDEX FOR BANKING & INSURANCE LAW & PRACTICE

**GROUP 2 PAPER 7.4
FOR CS PROFESSIONAL
JUNE 2025 ATTEMPT**



TABLE OF CONTENTS

OVERVIEW OF INDIAN BANKING SYSTEM.....	5
REGULATORY FRAMEWORK OF BANKS.....	7
CONTROL OVER ORGANIZATION OF BANKS	11
BANKING OPERATIONS.....	13
DIGITAL BANKING	15
VARIOUS GOVERNMENT SCHEMES	17
CONSUMER PROTECTION	19
LOANS AND ADVANCES	21
NON-PERFORMING ASSETS	23
LESSON 12 - ANALYSIS OF FINANCIAL STATEMENTS OF BANKS.....	25
RISK MANAGEMENT IN BANKS AND BASEL ACCORDS	27
REGULATORY FRAMEWORK IN INSURANCE.....	29
GENERAL AND HEALTH INSURANCE.....	31
FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART - II).....	33
FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART - III)	35
FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART - IV).....	37
FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART - V).....	39

LESSON 1

OVERVIEW OF INDIAN BANKING SYSTEM

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Voluntary transition of Small Finance Banks to Universal Banks (Notification no. RBI/2024-25/28DOR.LIC.REC.20/16.13.218/2024-25 dated April 26, 2024)	RBI has issued Guidelines for 'on-tap' Licensing of Small Finance Banks in Private Sector in year 2019 which provides a transition path for Small Finance Banks (SFBs) to convert into Universal Banks. Such conversion shall be subject to the SFB's fulfilling minimum paid-up capital/ net worth requirement as applicable to Universal Banks, satisfactory track record of performance as an SFB for a minimum period of five years and RBI's due diligence exercise. The eligible SFB shall be required to furnish a detailed rationale for such transition. The eligible SFB may submit its application for transition to Universal Bank, in the prescribed form along with other requisite documents to RBI.	3

LectureKart

LESSON 2

REGULATORY FRAMEWORK OF BANKS

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Reserve Bank of India Act, 1934 - Section 42(1A) - Requirement for maintaining additional CRR (Notification no. RBI/2023-24/52 DOR.RET.REC.29/12.01.001/2023-24 dated August 10, 2023)	On a review of the current liquidity conditions, it has been decided to issue a directive under Section 42(1A) of the Reserve Bank of India Act, 1934 requiring all Scheduled Commercial Banks / Regional Rural Banks / all Scheduled Primary (Urban) Co-operative Banks / all Scheduled State Co-operative Banks to maintain with the Reserve Bank of India, effective from the fortnight beginning August 12, 2023, an incremental CRR (I-CRR) of 10 per cent on the increase in NDTL between May 19, 2023 and July 28, 2023. The I-CRR will be reviewed on September 8, 2023 or earlier.	4
Review of Regulatory Framework for IDF-NBFCs (Notification no. RBI/2023-24/54 DoR.SIG.FIN.REC.31/03.10.001/2023-24 dated August 18, 2023)	In order to enable IDF-NBFCs to play a greater role in the financing of the infrastructure sector and to harmonise the regulations governing financing of infrastructure sector by the NBFCs, a review of the guidelines applicable to IDF-NBFCs has been undertaken, in consultation with the Government of India.	4
Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2023 (Notification no. RBI / DOR/ 2023-24/104 DOR.MRG.36/21.04.141/2023-24 dated September 12, 2023)	The Reserve Bank of India had issued a Discussion Paper (DP) on January 14, 2022 proposing revisions to the current norms for the classification, valuation, and operation of investment portfolios of commercial banks. After considering the feedback received on the DP, the Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2023 has been issued on September 12, 2023. The revised Directions include principle-based classification of investment portfolio, tightening of regulations around transfers to/from held to maturity (HTM) category and sales out of HTM, inclusion of non-SLR securities in HTM subject to fulfilment of certain conditions and symmetric recognition of gains and losses. The revised Directions shall apply to all commercial banks (excluding Regional Rural Banks) from the financial year commencing on April 1, 2024.	4
Reserve Bank of India (Government Securities Lending) Directions, 2023 (Notification no. RBI/2023-24/97FMRD. DIRD. No.05/14.03.061/2023-2024 dated December 27, 2023)	In pursuance of the announcement, the Draft Reserve Bank of India (Government Securities Lending) Directions, 2023 were placed on the Reserve Bank's website, on February 17, 2023, to invite comments from banks, market participants and other interested parties. Based on the comments received, the Reserve Bank of India (Government Securities Lending) Directions, 2023 have been finalized and are being issued. These Directions have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.	5
Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures	The draft Directions on Call, Notice and Term Money, Certificate of Deposit and the Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year markets were released for market feedback on December 04, 2020. The Master Direction – Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021 and the Master Direction – Reserve Bank of India (Certificate of	5

of original or initial maturity upto one year) Directions, 2024 (Notification no. RBI/FMRD/2023-24/109 FMRD.DIRD.09/14.02.001/2023-24 dated January 03, 2024)	Deposit) Directions, 2021 were issued on April 01, 2021 and June 04, 2021 respectively. The Master Direction - Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024 have been reviewed based on market feedback and are being issued herewith.	
Credit/Investment Concentration Norms – Credit Risk Transfer (Notification no. RBI/2023-24/112 DOR.CRE.REC.70/21.01.003/2023-24 dated January 15, 2024)	The guidelines on Large Exposures Framework (LEF) are applicable to NBFC-Upper Layer (NBFCUL) in terms of paragraph 110 of the MD on NBFC. The NBFC-Base Layer (NBFCBL) and NBFCMiddle Layer (NBFCML) are, however, governed by the credit/investment concentration norms prescribed at paragraphs 32 and 91 of the MD on NBFC, paragraph 20 of MD on HFC and circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021. In order to ensure uniformity and consistency in computation of concentration norms among NBFCs, a review of the extant concentration norms has been carried out and regulations for NBFCML, BL & UL has been issued.	5
Guidelines on Appointment / Reappointment of Statutory Auditors of State Co-operative Banks and Central Co-operative Banks (Notification no. RBI/2023-24/113Ref.No.DOS.ARG /SEC.8/08.91.001/2023-24 dated January 15, 2024)	The Banking Regulation (Amendment) Act, 2020, notified in the Gazette of India on September 29, 2020, has come into force with effect from April 01, 2021, for Rural Co-operative Banks i.e., State Cooperative Banks (StCBs) and Central Co-operative Banks (CCBs). 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 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. These guidelines shall come into effect from April 1, 2024.	6
Second Schedule to the Reserve Bank of India Act, 1934 – Norms for inclusion (Notification no. RBI/2023-24/115DOR.REG/LIC.No. 72/16.05.000/2023-24 dated January 17, 2024)	Subsequent to release of the Revised Regulatory Framework for Urban Cooperative Banks (UCBs) on July 19, 2022, revised categorization norms for UCBs for regulatory purposes was notified vide circular DOR.REG.No.84/07.01.000/2022-23 dated December 01, 2022 and the criteria for classifying a UCB as Financially Sound and Well Managed (FSWM) have been revised vide circular DOR.REG.No.85/07.01.000/2022-23 dated December 01, 2022. It has now been decided to revise the eligibility norms for inclusion of UCBs in the Second Schedule to the Reserve Bank of India Act, 1934 to bring them in conformity with the Revised Regulatory Framework.	6
Arrangements with Card Networks for issue of Credit Cards (Notification no. RBI/2023-24/131CO.DPSS. POLC. No. S1133/02-14-003/2023-24 dated March 06, 2024)	On a review, it is observed that some arrangements existing between card networks and card issuers are not conducive to the availability of choice for customers. The RBI directs that the card issuers shall not enter into any arrangement or agreement with card networks that restrain them from availing the services of other card networks and card issuers shall provide an option to their eligible customers to choose from multiple card networks at the time of issue. For existing cardholders, this option may be provided at the time of the next renewal.	6
Amendment to the Master Direction -Credit Card and Debit Card – Issuance and Conduct Directions, 2022 (Notification no. RBI/2023-24/ 132 DOR. RAUG.AUT. REC. No. 81/24.01.041/	The Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, has amends certain provisions of 'Credit Card and Debit Card – Issuance and Conduct Directions, 2022. Instructions relating to credit cards shall apply to all credit card issuing Banks and NonBanking Financial Companies (NBFCs) and instructions relating to debit cards shall apply to every bank operating in India. Amendments inter alia provides for: <ul style="list-style-type: none"> the card-issuers shall put in place an effective mechanism to monitor end use of funds. 	7

2023-24 dated March 07, 2024)	<ul style="list-style-type: none"> cardholder shall be given option to modify their billing cycle at least once as per cardholder's convenience. 	
Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024 (Notification no. No. FEMA. 395(2)/2024-RB dated April 23, 2024)	In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 and consequent to the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, the Reserve Bank of India has issued amended regulations. The amended regulation 3.1 and 4.8 related to Mode of payment, Remittance of sale proceeds and Reporting requirements.	7
Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024 (Notification no. No. FEMA. 10(R)(3)/ 2024-RB dated April 23, 2024)	In exercise of the powers conferred by Section 9 and clause (e) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999, the Reserve Bank of India makes the amendment in the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015. The amendments are related to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) or through direct listing of equity shares of companies incorporated in India on International Exchanges.	7
Domestic Money Transfer – Review of Framework (Notification no. RBI/2024-25/52CO.DPSS. POLC.No.S415/02.27.019/2024-25 dated July 24, 2024)	The framework for Domestic Money Transfer (DMT) was introduced in 2011. There has been significant increase in the availability of banking outlets, developments in payment systems for funds transfers, and ease in fulfilling KYC requirements etc., since then; and now users have multiple digital options for funds transfer. A review was recently undertaken of various services like Cash Pay-out Service and Cash Pay-in Service facilitated in the current framework.	7

LESSON 3

CONTROL OVER ORGANIZATION OF BANKS

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Onboarding of more banks on उद्गम UDGAM portal (Press Release: 2023-2024/1048 dated October 05, 2023)	Reserve Bank of India launched a Centralised Web Portal उद्गम UDGAM (Unclaimed Deposits - Gateway to Access inforMation) on August 17, 2023 for the public to facilitate and make it easier for them to search their unclaimed deposits across multiple banks at one place. The search facility was initially made available on the portal for seven banks and it was intimated to public that the search facility for remaining banks on the portal would be made available in a phased manner by October 15, 2023. The members of public are hereby informed that, the search facility for 30 banks has been made available on the portal on September 28, 2023, which covers around 90% of such unclaimed deposits (in value terms) in Depositor Education and Awareness (DEA) Fund.	8
Appointment of Whole-Time Director(s) (Notification no. RBI/2023-24/70DOR.HGG.GOV.REC.46/29. 67.001/2023-24 dated October 25, 2023)	Given the growing complexity of the banking sector, it becomes imperative to establish an effective senior management team in the banks to navigate ongoing and emerging challenges. Establishment of such a team may also facilitate succession planning, especially in the background of the regulatory stipulations in respect of tenure and upper age limit for Managing Director and Chief Executive Officer (MD&CEO) positions. To address these issues and challenges, banks are advised to ensure the presence of at least two Whole Time Directors (WTDs), including the MD&CEO, on their Boards. The number of WTDs shall be decided by the Board of the bank by taking into account factors such as the size of operations, business complexity, and other relevant aspects.	8
Amendment to Master Direction on Prepaid Payment Instruments (RBI/2023-24/126CO.DPSS.POLC.No. S1092/02-14-006/2023-2024 dated February 23, 2024)	To provide convenience, speed, affordability, and safety of digital modes of payment to commuters for transit services, it has been decided to permit authorised bank and non-bank Prepaid Payment Instruments (PPI) issuers to issue PPIs for making payments across various public transport systems.	8
Launch of PRAVAAH, RBI Retail Direct Mobile Application and FinTech Repository (Press release 2024-2025/393 dated May 28, 2024)	Shri Shaktikanta Das, Governor, Reserve Bank of India on May 28, 2024 launched three major initiatives of the Reserve Bank of India, namely the PRAVAAH portal, the Retail Direct Mobile App and a FinTech Repository. The PRAVAAH portal will make it convenient for any individual or entity to apply online for various regulatory approvals in a seamless manner. This portal will also enhance the efficiency of various processes related to granting of regulatory approvals and clearances by the Reserve Bank. The Retail Direct Mobile App will provide retail investors a seamless and convenient access to the retail direct platform and provide ease of transacting in government securities (G-Secs). The Fintech Repository will contain information on Indian FinTech Sector for a better understanding of the sector from a regulatory perspective and facilitate in designing appropriate policy approaches.	9

Framework for Recognising Self-Regulatory Organisation(s) for FinTech Sector (Press release 2024-2025/403 dated May 30, 2024)

To encourage self-regulation in the FinTech sector, the Reserve Bank of India (RBI) had released a 'Draft framework for recognising Self-Regulatory Organisations (SRO) for FinTech Sector' on January 15, 2024, inviting comments and feedback from the stakeholders. Based on the inputs received and examination thereof, the 'Framework for Recognising Self-Regulatory Organisation(s) for FinTech Sector' (SRO-FT framework) has been finalised. In terms of the SRO-FT framework, the Reserve Bank intends to initiate the process of recognising SRO(s). Accordingly, entities meeting or intending to meet the eligibility conditions and requirements of the SRO-FT framework may submit an application form along with the required enclosures.

9

LectureKart

LESSON 4

BANKING OPERATIONS

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions (Notification no. RBI/2023-24/105DOR.SOG(LEG).REC/64/09.08.024/2023-24 dated January 01, 2024)	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. 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. The revised instructions shall come into effect from April 1, 2024.	10
Amendment to the Master Direction (MD) on KYC (Notification no. RBI/2023-24/107DOR.AML.REC.66/14.01.01/2023-24 dated January 04, 2024)	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. The definition of PEPs is: “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.”	10

LESSON 5

DIGITAL BANKING

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Enhancing transaction limits for Small Value Digital Payments in Offline Mode (Notification no. RBI/2023-24/57CO.DPSS.POLC.No.S526/02-14-003/2023-24 dated August 24, 2023)	This has reference to the Reserve Bank of India circular CO.DPSS.POLC.No.S1264 / 02-14-003/2021-2022 dated January 03, 2022 on “Framework for Facilitating Small Value Digital Payments in Offline Mode”, the upper limit of an offline payment transaction is increased to ₹500. Other instructions mentioned in the framework shall continue to remain applicable as before.	11
Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices (Notification No. RBI/2023-24/107DoS.CO.CSITEG/SEC.7/31.01.015/2023-24 dated November 07, 2023)	A draft Master Direction on the subject was published in October 2022 seeking public comments. Based on feedback received, the final Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 are issued by the Reserve Bank of India.	11
Processing of e-mandates for recurring transactions (Notification no. RBI/2023-2024/88CO.DPSS. POLC.No.S-882/02.14.003/2023-24 dated December 12, 2023)	A reference is invited to RBI dated June 16, 2022 in terms of which relaxation in Additional Factor of Authentication (AFA) was permitted while processing e-mandates / standing instructions on cards, Prepaid Payment Instruments and Unified Payments Interface, for subsequent recurring transactions with values up to ₹15,000/-, subject to certain conditions. In this regard, as announced in the Statement on Developmental and Regulatory Policies dated December 08, 2023, it has been decided to increase the limit from ₹15,000/- to ₹1,00,000/- per transaction for the following categories: a) subscription to mutual funds, b) payment of insurance premiums, and c) credit card bill payments.	11
Domestic Systemically Important Bank (D-SIB) Framework – Review of the Assessment Methodology (Press release dated December 28, 2023)	The Reserve Bank had issued the framework for dealing with Domestic Systemically Important Banks (DSIBs) on July 22, 2014. In terms of this framework, the Bank is required to identify and disclose the names of banks designated as D-SIBs annually. Further, in terms of the framework, the assessment methodology, for assessing the systemic importance of banks and identification of the D-SIBs, is required to be reviewed on a periodic basis. Accordingly, a review of the assessment methodology has been carried out, taking into consideration the functioning of the framework since its introduction, international developments in the field of systemic risk measurement, and the experience of other countries in implementing the D-SIB framework.	12

Master Directions on Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators (Notification no. RBI/DPSS/2024-25/123CO.DPSS.OVRST. No.S447/06-26-002/2024-25 dated July 30, 2024)

Master Directions on Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators. These Directions aim to improve safety and security of the payment systems operated by PSOs by providing a framework for overall information security preparedness with an emphasis on cyber resilience.

12

LectureKart

LESSON 7

VARIOUS GOVERNMENT SCHEMES

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
PM Vishwakarma Scheme (Notification no. RBI/2023-24/61 FIDD. CO.MSME. BC. No. 10/ 06.02.031 / 2023-24 dated September 13, 2023)	Government of India (GoI) has introduced the 'PM Vishwakarma Scheme' which aims to provide support to artisans and craftspeople to enable them to move up the value chain in their respective trades. The Scheme envisages, among other measures, credit support to the beneficiaries at concessional interest rate, with interest subvention support by GoI.	13
Classification of MSMEs (Notification no. RBI/2023- 24/100FIDD.MSME&NFS.BC. No.13/06.02.31/2023-24 dated December 28, 2023)	As classification / re-classification of MSMEs is the statutory responsibility of Ministry of MSME, Government of India (GoI) as per the provisions of the MSMED Act, 2006, regulated entities shall be guided by the notifications issued by the Ministry of MSME in this regard, from time to time. Accordingly, para 2.2, 2.4 to 2.7 of Master Direction- Lending to Micro, Small & Medium Enterprises (MSME) Sector are amended.	13

LESSON 8

CONSUMER PROTECTION

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 (Notification no. RBI/CEPD/2023-24/108CEPD.PRD. No. S1228/13.01. 019/2023-24 dated December 29, 2023)	<p>A review of Internal Ombudsman schemes has been undertaken by the Reserve Bank in line with the integration of the erstwhile three RBI Ombudsman Schemes as also with the objective to improve the customer service standards in regulated entities. The framework reaffirms that the Internal Ombudsman mechanism should work as envisaged and the Internal Ombudsman shall be positioned as an independent, apex level authority on consumer grievance redress within the regulated entities.</p>	14

LectureKart

LESSON 9

LOANS AND ADVANCES

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Guidelines on Default Loss Guarantee (DLG) in Digital Lending (Notification no. RBI/2023-24/41 DOR.CRE. REC. 21/21.07.001/2023-24 dated June 08, 2023)	Arrangements between Regulated Entities (REs) and Lending Service Providers (LSPs) or between two REs involving Default Loss Guarantee (DLG), commonly known as FLDG, has since been examined by the Bank and it has been decided to permit such arrangements subject to the certain guidelines. DLG arrangements conforming to these guidelines shall not be treated as 'synthetic securitisation' and/or shall also not attract the provisions of 'loan participation'.	15
Fair Lending Practice - Penal Charges in Loan Accounts (Notification no. RBI/2023-24/53DoR.MCS.REC.28/01.01.00 1/2023-24 dated August 18, 2023)	Reserve Bank has issued various guidelines to the Regulated Entities (REs) to ensure reasonableness and transparency in disclosure of penal interest. Under the extant guidelines, lending institutions have the operational autonomy to formulate Board approved policy for levy of penal rates of interest. It has been observed that many REs use penal rates of interest, over and above the applicable interest rates, in case of defaults / non-compliance by the borrower with the terms on which credit facilities were sanctioned. The intent of levying penal interest/charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest. However, supervisory reviews have indicated divergent practices amongst the REs with regard to levy of penal interest/charges leading to customer grievances and disputes. RBI has issued instructions for adoption by the Regulated Entities.	15
Reset of Floating Interest Rate on Equated Monthly Instalments (EMI) based Personal Loans (Notification no. RBI/2023-24/55DOR.MCS.REC.32/01.01.00 3/2023-24 dated August 18, 2023)	At the time of sanction of EMI based floating rate personal loans, REs are required to take into account the repayment capacity of borrowers to ensure that adequate headroom/ margin is available for elongation of tenor and/ or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. In order to address these concerns, the REs are advised to put in place an appropriate policy framework meeting some requirements for implementation and compliance.	15
Operation of Pre-Sanctioned Credit Lines at Banks through Unified Payments Interface (UPI) (Notification no. RBI/2023-24/58CO. DPSS. POLC. No. S-567/02-23-001 / 2023-2024 dated September 04, 2023)	Currently, savings account, overdraft account, prepaid wallets and credit cards can be linked to UPI. Now, the scope of UPI is now being expanded by inclusion of credit lines as a funding account. Under this facility, payments through a pre-sanctioned credit line issued by a Scheduled Commercial Bank to individuals, with prior consent of the individual customer, are enabled for transactions using the UPI System. Banks may, as per their Board approved policy, stipulate terms and conditions of use of such credit lines. The terms may include, among other items, credit limit, period of credit, rate of interest, etc.	16

Display of information - Secured assets possessed under the SARFAESI Act, 2002 (Notification no. RBI/2023-24/63DoR.FIN.REC.41/20.16.003/ 2023-24 dated September 25, 2023)	As a part of the move towards greater transparency, it has been decided that the Regulated Entities (REs) of the Reserve Bank which are secured creditors as per the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, shall display information in respect of the borrowers whose secured assets have been taken into possession by the REs under the Act.	16
MHP Exemption for Transfer of Receivables (Notification no. RBI/2023-24/99DOR.STR.REC.60/21.04.04 8/2023-24 dated December 28, 2023)	In order to develop secondary market operations of receivables acquired as part of 'factoring business' as defined under the Factoring Regulation Act, 2011, it has been decided that transfer of such receivables by eligible transferors will be exempted from Minimum Holding Period (MHP) requirement, subject to fulfilment of certain conditions.	16
Master Circular- Exposure Norms and Statutory / Other Restrictions- UCBs (Notification no. RBI/2023-24/114DoR.CRE.REC.71/07.10.0 02 /2023-24 dated January 16, 2024)	The Reserve Bank of India has issued the Master Circular- Exposure Norms and Statutory / Other Restrictions –UCBs. As a prudential measure aimed at better risk management and avoidance of concentration of credit risk, primary (Urban) Co-Operative Banks (UCBs) have been advised to fix limits on their exposure. In addition, these banks are also required to observe certain statutory and regulatory restrictions in respect of advances against shares, debentures and bonds and investments in shares, debentures and bonds.	16
Finances of Panchayati Raj Institutions (Press release dated January 24, 2024)	The Reserve Bank of India (RBI) released its Report titled "Finances of Panchayati Raj Institutions". Drawing upon data on 2.58 lakh Panchayats for the years 2020-21 to 2022-23, it presents an assessment of their finances and their role in India's socio-economic development.	17
Bank Finance against Shares and Debentures (Notification no.RBI/2024-25/54DOR.CRE.REC. 29/07.10.002/2024-25 dated July 25,2024)	The Reserve Bank of India has advised the Primary (Urban) Co-operative Banks (UCBs) that the aggregate of their all loans against the security of shares and debentures should be within the overall ceiling of 20 per cent of their owned funds. On a review, it has been decided that the aforementioned overall ceiling of 20 per cent shall be linked to Tier I capital of the bank as on 31st March of the previous financial year.	17
Master Direction on Treatment of Wilful Defaulters and Large Defaulters (Notification no. RBI/DoR/2024-25/122 DoR.FIN.REC. No. 31 /20.16.003 / 2024-25 dated July 30, 2024)	The Reserve Bank of India has issued Master Direction on Treatment of Wilful Defaulters and Large Defaulters. This Master Direction on wilful defaulters serves as a comprehensive guideline delineating the regulatory framework and procedures for classification of borrowers as wilful defaulters. This directive plays a crucial role in maintaining the integrity of the financial system by outlining the measures and consequences for those borrowers who deliberately default on their financial obligations.	17

LESSON 11

NON-PERFORMING ASSETS

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Framework for Compromise Settlements and Technical Write-offs (Notification no. RBI/2023-24/40 DOR. STR.REC.20/21.04.048/2023-24 dated June 08, 2023)	The Reserve Bank of India has issued various instructions to Regulated Entities (REs) regarding compromise settlements in respect of stressed accounts from time to time, including the Prudential Framework for Resolution of Stressed Assets dated June 7, 2019 ("Prudential Framework"), which recognises compromise settlements as a valid resolution plan. With a view to provide further impetus to resolution of stressed assets in the system as well as to rationalise and harmonise the instructions across all REs, as announced in the Statement on Developmental and Regulatory Policies released on June 8, 2023, it has been decided to issue a comprehensive regulatory framework governing compromise settlements and technical write-offs covering all the REs. The provisions of this framework shall be applicable to all REs to which this circular is addressed and shall be without prejudice to the provisions of the Prudential Framework, or any other guidelines applicable to the REs on resolution of stressed assets.	18
Master Direction for Asset Reconstruction Companies (ARCs) (Notification no. RBI/DOR/2024-25/116DoR.FIN.REC.16/26.03.001/2024-25 dated April 24, 2024)	The Reserve Bank of India has issued the Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024. The Master Direction consolidates the existing regulatory guidelines issued to ARCs vide Master Circular on ARCs and Master Direction – Fit and Proper Criteria for Sponsors – Asset Reconstruction Companies (Reserve Bank) Directions, 2018.	18

LESSON 12 – ANALYSIS OF FINANCIAL STATEMENTS OF BANKS

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021: Presentation of unclaimed liabilities transferred to Depositor Education and Awareness (DEA) Fund (Notification no. RBI/2023-24/71DOR.ACC.47/21.04.018/2023-24 dated October 25, 2023)	To ensure consistency in presentation of financial statements, it is advised that all co-operative banks shall present all unclaimed liabilities (where the amount due has been transferred to DEA Fund) under “Contingent Liabilities – Others”. These instructions are applicable to all commercial and cooperative banks for preparation of financial statements for the financial year ending March 31, 2024 and onwards.	19
Investments in Alternative Investment Funds (AIFs) (Notification no. RBI/2023-24/90DOR.STR.REC.58 /21.04.048/2023-24 dated December 19, 2023)	Regulated Entities (REs) make investments in units of AIFs as part of their regular investment operations. However, certain transactions of REs involving AIFs that raise regulatory concerns have come to our notice. These transactions entail substitution of direct loan exposure of REs to borrowers, with indirect exposure through investments in units of AIFs. In order to address concerns relating to possible evergreening through this route, RBI has issued advisory for REs related to AIFs.	19
CIMS Project Implementation - Submission of Statutory Returns (Form A, Form VIII and Form IX) on CIMS Portal (Notification no. RBI/2024-25/16DoR.RET.REC.12/12.01.001/2024-25 dated April 15, 2024)	Following the launch of Reserve Bank’s next generation data warehouse, viz., the Centralised Information Management System (CIMS), RBI has decided to shift the submission of Form A, Form VIII and Form IX Returns from the XBRL Portal to the CIMS Portal. Banks shall, accordingly, submit the fortnightly Form A Return from the Reporting Friday June 14, 2024, monthly Form VIII Return from May 2024 and the annual Form IX Return from December 31, 2024 respectively on the CIMS Portal only.	19

LESSON 13

RISK MANAGEMENT IN BANKS AND BASEL ACCORDS

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Master Direction on Minimum Capital Requirements for Operational Risk (Notification no. RBI/DOR/2023-24/103DOR.ORG.REC.22/21.06.050/2023-24 dated June 26, 2023)	The Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Master Direction on Minimum Capital Requirements for Operational Risk. All existing approaches viz. Basic Indicator Approach (BIA), The Standardised Approach (TSA)/ Alternative Standardised Approach (ASA) and Advanced Measurement Approach (AMA) for measuring minimum Operational Risk Capital (ORC) requirements shall be replaced by the new Standardised Approach with coming into effect of these Directions. The provisions of these Directions shall apply to all Commercial Banks (excluding Local Area Banks, Payments Banks, Regional Rural Banks, and Small Finance Banks)..	20
Master Direction - Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 (Notification no. RBI/DoR/2023-24/105DoR.FIN.REC.40/01.02.000/2023-24 dated September 21, 2023)	The Reserve Bank of India being satisfied that it is necessary and expedient in the public interest and in the interest of financial sector policy so to do, issued the Master Direction - Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions).	20
Reserve Bank of India (Financial Benchmark Administrators) Directions, 2023 (Notification no. RBI/2023-24/98FMRD.FMSD.07/03.07.35/2023-24 dated December 28, 2023)	The Financial Benchmark Administrators (Reserve Bank) Directions, 2019 dated June 26, 2019 have been reviewed to put in place a holistic risk-based framework covering all benchmark administrators in financial markets regulated by the Reserve Bank. These Directions have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.	20
Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk (Notification no.	The foreign exchange risk management facilities have been 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 and some of the existing directions are suspended by the RBI. The revised Directions	21

RBI/2023-24/108A. P. (DIR Series) Circular No. 13 dated January 05, 2024)	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.	
Guidance Note on Operational Risk Management and Operational Resilience (Notification no. RBI/2024-25/31DOR.ORG.REC.21/14.10.001/2024-25 dated April 30, 2024)	<p>The Reserve Bank of India has placed on its website “Guidance Note on Operational Risk Management and Operational Resilience”. This Guidance Note aligns the Reserve Bank of India’s regulatory guidance with the Basel Committee on Banking Supervision (BCBS) Principles, viz.,</p> <p>a) ‘Revisions to the Principles for the Sound Management of Operational Risk’ and</p> <p>b) ‘Principles for Operational Resilience’ (both issued in March 2021), while adopting the global best practices including those on operational resilience.</p>	21
Master Direction – Risk Management and Inter-Bank Dealings: Amendments (Notification no. RBI/2024-25/32A. P. (DIR Series) Circular No. 04 dated May 03, 2024)	<p>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. Accordingly, amendments are being made in the Master Direction to reflect the applicability of the provisions to SPDs.</p>	21

LESSON 15

REGULATORY FRAMEWORK IN INSURANCE

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
IRDAI Reinsurance (Amendment) Regulation, 2023 (Reference no. CG-DL-E-23082023-248261 dated August 22, 2023)	In exercise of the powers conferred by Section 114A of the Insurance Act, 1938, read with Sections 14 and 26 of the Insurance Regulatory and Development Authority Act, 1999, the Authority, in consultation with the Insurance Advisory Committee, made amendments in the following Regulations. a. Insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018; b. Insurance Regulatory and Development Authority of India (Registration and Operations of Branch Offices of Foreign Re-insurers other than Lloyd's) Regulations, 2015; c. Insurance Regulatory and Development Authority of India (Lloyd's India) Regulations, 2016. The objective of these amendments is to harmonize the provisions of various regulations applicable to Indian Insurers and Indian Re-insurers including Foreign Re- insurance Branches (FRBs) and IFSC Insurance Offices (IIOs), encourage more reinsurers to set up business in India and to enhance ease of doing business.	22
Master Circular on Rural, Social Sector and Motor Third Party Obligations (Ref.: IRDAI/NL/CIR/RSS/77/5/2024 dated May 10, 2024)	The Insurance Regulatory and Development Authority of India has issued master circular under Section 34 of the Insurance Act, 1938, Section 14 of the IRDA Act, 1999 and Regulation 9 of the Insurance Regulatory and Development Authority of India (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024. The master circular is applicable to all life, general and standalone health insurers.	22
Master Circular on Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers, 2024 (Ref.: IRDAI/F&I/CIR/78/5/2024 dated May 15, 2024)	The Insurance Regulatory and Development Authority of India has notified the IRDAI (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024. In exercise of the powers conferred by section 34 of the Insurance Act, 1938, section 14 of the IRDA Act, 1999 and Regulation 59 and 60 of Registration Regulations, 2024, the Authority hereby issues this Master Circular to provide clarifications on various provisions of the Registration Regulations, 2024.	22
Master Circular on Expenses of Management, including Commission, of Insurers, 2024 (Ref.: IRDAI/F&I/CIR/79/5/2024 dated May 15, 2024)	The extant Insurance Regulatory and Development Authority of India (Expenses of Management, including Commission, of Insurers) Regulations, 2024 were notified on 23rd January, 2024. In order to supplement the regulations, this Master Circular is issued under section 34 of the Insurance Act, 1938, section 14 of the IRDA Act, 1999 and Regulation 23 of the Insurance Regulatory and Development Authority of India (Expenses of Management, including Commission, of Insurers) Regulations, 2024. This Master Circular is applicable to life, general and health insurers.	23
Master Circular on Reinsurance, 2024 (Ref.: IRDAI/REIN/MSTCIR/MISC/87/5/2024 dated May 31, 2024)	The Authority has notified Insurance Regulatory and Development Authority of India (Registration and Operations of Foreign Reinsurers Branches and Lloyd's India) Regulations, 2024 and IRDAI (Reinsurance) Regulations, 2018, with the objective of strengthening and harmonizing the regulatory framework for reinsurance operations. In exercise of the powers conferred by Section 14 of the IRDA Act, 1999, section 34 of the Insurance Act, 1938 and Regulation 33 of IRDAI (Registration and	23

	Operations of Foreign Reinsurers Branches and Lloyd's India) Regulations, 2024 and Regulation 12 of IRDAI (Reinsurance) Regulations, 2018, the Authority hereby issues this Master Circular to specify various requirements and forms and to provide directions/guidelines on various provisions of the said Regulations.	
Master Circular on Protection of Policyholders' interests 2024 (Ref: IRDAI/PP&GR/CIR/MISC /117/9/2024 dated September 05, 2024)	The Insurance Regulatory and Development Authority of India (IRDAI) as part of steps towards reinforcing empowerment of policyholders has issued Master Circular on Protection of Policyholders' Interests under the IRDAI (Protection of Policyholders' Interests, Operations, and Allied Matters of Insurers) Regulations, 2024 replacing 30 circulars.	23

LectureKart

LESSON 17

GENERAL AND HEALTH INSURANCE

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Master Circular on Health Insurance Business (Ref: IRDAI/HLT/CIR/PRO/84/5/2024 dated May 29, 2024)	The Insurance Regulatory and Development Authority of India has issued Master Circular under the section 14(2)(e) of the IRDAI Act 1999 and section 34 of the Insurance Act, 1938 read with Regulation 7 of schedule-III of IRDAI (Insurance Products) Regulations 2024. Master Circular is issued to provide clarifications on various provisions IRDAI (Insurance Products) Regulations 2024.	24

LectureKart

LESSON 19

FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART – II)

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Modifications to the Master Circular: Unclaimed Amounts of Policyholders dated 17th November, 2020 (Ref: IRDAI / Life / CIR / Misc /41/2/2024 dated February 16, 2024)	Increase in the unclaimed amounts with the insurers has been a regulatory concern. Basis discussion with the insurers it is to understand that one of the reasons for increase in the unclaimed amounts are cases where the consumers are traceable but insurers are not in a position to pay the claim for various reasons. The Insurers are advised to enhance their efforts in tracing the rightful recipient of unpaid amounts and ensure efficient disbursement of the same. Insurers shall make all possible efforts for payment of these dues at the earliest and may adopt the measures as suggested and submit statements by 15th of every month.	25

LectureKart

LESSON 20

FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART – III)

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Reporting of Cyber Security Incidents by Regulated Entities (Circular no. IRDAI/GA&HR/CIR/MISC/128/06/2023 dated June 13, 2023)	All Regulated Entities (REs) are directed to scrupulously follow the provisions regarding reporting of incident of IRDAI and Cert-In. Res are required to submit available details of Cyber Security Incident to the Authority in an enclosed format with 24 hrs of intimation of the incident.	26
Constitution of Inter-Disciplinary Standing Committee on Cyber Security (Circular no. IRDAI/ GA & HR/GDL/MISC/170/09/2023 dated September 14, 2023)	Subsequent to publication of IRDAI Information and Cyber Security Guidelines dated 24" Apr, 2023 and with the approval of the Competent Authority, it has been decided to constitute a Standing Committee on Cyber Security which will regularly review the threats inherent in the existing or emerging technologies and suggest appropriate changes to IRDAI Information and Cyber Security Framework to further strengthen cyber-security posture and resilience of Insurance Industry.	26
Investments in Infrastructure Debt Funds-NBFC (Circular Ref: IRDAI/F&I/INV/CIR/003/01/2024 dated January 05, 2024)	Reference is drawn to Note 2 of Regulation 9 of IRDAI (Investment) Regulations 2016 which stipulates that "Investment in Infrastructure Debt Fund (IDF), backed by Central Government as approved by the Authority, on a case to case basis shall be reckoned for "investments in infrastructure. Accordingly, the Authority had allowed insurers' investments in certain IDFs on case to case basis.	26
Master Circular on Actuarial, Finance and Investment Functions of Insurers (Ref: IRDAI/ACTL/CIR/MISC/80/05/2024 dated May 17, 2024)	The Insurance Regulatory and Development Authority of India has issued Master Circular under the provisions of Section 34 of the Insurance Act, 1938 and Section 14 of the IRDA Act, 1999 read with Regulation 7 of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024. This Master Circular provides necessary guidance on aspects pertaining to various provisions of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024 and applicable to all insurers including those engaged exclusively in reinsurance business, unless otherwise specified.	26

LESSON 21

FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART – IV)

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Submission of Advance Reinsurance Programme (Circular Ref: IRDAI/REIN/CIR/RISF/4/1/2024 dated January 05, 2024)	The Insurance Regulatory and Development Authority of India (IRDAI) has issued the IRDAI (ReInsurance) Regulations, 2018 which deal with the operational aspects of placement of reinsurance. As per the Regulation 3(A) of the above Regulations an advance reinsurance programme shall be submitted by every insurer in a specified summary format, to the Authority, at least 45 days before the commencement of the financial year.	27

LectureKart

LESSON 22

FUNCTIONS IN INSURANCE & COMPLIANCE RELATED THERETO: (PART – V)

TOPIC/HEADING	PARTICULARS/PROVISIONS/DETAILS	PAGE
Master Circular on Corporate Governance for Insurers, 2024 (Ref: IRDAI/F&I/CIR/MISC/82/5/2024 dated May 22, 2024)	The Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024 were notified on March 21, 2024. The Authority has outlined in general terms, governance responsibilities of the Board in the management of insurers under the Regulations. In exercise of the powers conferred by Section 34 of the Insurance Act, 1938, Section 14 of the IRDA Act, 1999 and Regulation 12 of the Insurance Regulatory and Development Authority of India (Corporate Governance for Insurers) Regulations, 2024 the Authority hereby issues this master circular to provide various operational and procedural aspects, for adoption by all insurers. This Master Circular shall be applicable to all insurers except foreign company engaged in re-insurance business through a branch established in India.	28