

Summary Information on few Compounding Orders issued after 1st March 2020

Sr. No.	Party Name	Nature of Contravention	Date of Order	Compounding Fees (Rs.)
1.	Thomson Press (India) Limited	Contraventions under Regulation 16(1)(iv) of FEMA Notification 120 regarding disinvestment of stake in overseas entity despite having outstanding dues by way of dividend, technical know-how fees, royalty, consultancy, commission or other entitlements and / or export proceeds from JV or WOS.	29-04-2022	2,15,596
2.	Deepak Daftari	Contravention under Rule 9(6)(i) of NDI Rules 2019 regarding consideration paid on deferred basis not done in compliance of said rule.	28-04-2022	52,241
3.	Suntect Production India Pvt. Ltd.	Contravention under para 2(2) of Schedule I of FEMA 20R for issue of capital instruments beyond prescribed period of 60 days from date of receipt of consideration.	31-12-2021	71,886

RBI NOTIFICATION NO. RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 DATED April 29, 2022

Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs

- A revised Scale Based Regulatory (SBR) framework for NBFCs was put in place vide circular DOR.CRE.REC.No.60/03.10.001/2021-22 October 22, 2021. In terms of para 3.2.3 (h) of the said circular, in order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs are required to put in place a Board approved compensation policy. The policy shall at the minimum include, (a) constitution of a Remuneration Committee, (b) principles for fixed/ variable pay structures, and (c) malus/ clawback provisions. Further, in terms of para 3.2.3 (i) it was also decided that the Board of NBFCs should delineate the role of various committees, including Nomination and Remuneration Committee (NRC). It was envisaged that detailed circulars will be issued in due course by the Reserve Bank. Accordingly, these guidelines have now been framed and furnished in Annex (<https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12303&Mode=0>).
- The guidelines are intended only for providing broad guidance to NBFCs and their NRCs in formulating their compensation policy. While formulating the compensation policy, it has to be ensured that all statutory mandates and the rules and directions issued under them are fully complied with.
- These guidelines will be applicable for fixing the compensation policy of Key Managerial Personnel¹ and members of senior management² of all Non-Banking Financial Companies under SBR framework, except those categorised under 'Base Layer'³ and Government owned NBFCs.
- These guidelines shall come into effect from April 01, 2023.

RBI NOTIFICATION NO. RBI/2022-23/37 DOR.FIN.REC.No. 30/03.10.001/2022-23 DATED May 02, 2022

Review of Minimum Investment Grade Credit Ratings for Deposits of NBFCs

- Please refer to para 9 of Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 wherein the names of approved credit rating agencies and their respective minimum investment grade credit rating for the purpose of accepting public deposits by NBFCs have been listed.
- On a review, it has been decided that the minimum investment grade credit rating for deposits of NBFCs shall be 'BBB-' from any of the SEBI-registered Credit Rating Agencies.
- The Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 is being modified accordingly.

RBI NOTIFICATION NO. RBI/2022-23/42 FMOD.MAOG.No.144/01.01.001/2022-23 DATED May 04, 2022

Liquidity Adjustment Facility- Change in rates

- As announced in the Monetary Policy Statement, 2022-23, today, it has been decided by the Monetary Policy Committee (MPC) to increase the policy Repo rate under the Liquidity Adjustment Facility (LAF) by 40 basis points from 4.00 per cent to 4.40 per cent with immediate effect.
- Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted from 3.75 per cent to 4.15 per cent and from 4.25 per cent to 4.65 per cent respectively, with immediate effect.
- All other terms and conditions of the extant LAF Scheme will remain unchanged.

RBI NOTIFICATION NO. RBI/2022-23/44 REF.No.MPD.BC.S33/07.01.279/2022-23 DATED May 04, 2022

Standing Liquidity Facility for Primary Dealers

- In the Monetary Policy Statement 2022-23, dated May 4, 2022, the policy repo rate under the Liquidity Adjustment Facility (LAF) has been increased by 40 basis points to 4.40 per cent from 4.00 per cent with immediate effect.

- Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 4.40 per cent with effect from May 4, 2022.

RBI NOTIFICATION NO. RBI/2022-23/45 DOR.RET.REC.32/12.01.001/2022-23 DATED May 04, 2022

Change in Bank Rate

- Please refer to circular DOR.No.Ret.BC.74/12.01.001/2019-20 dated May 22, 2020 on the captioned subject.
- As announced in the Monetary Policy Statement 2022-23 dated May 04, 2022, the Bank Rate is revised upwards by 40 basis points from 4.25 per cent to 4.65 per cent with immediate effect.
- All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised as indicated in the Annex(as below).

Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	Revised Rate (With immediate effect)
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfalls).	Bank Rate plus 3.0 percentage points (7.25 per cent) or Bank Rate plus 5.0 percentage points (9.25 per cent).	Bank Rate plus 3.0 percentage points (7.65 per cent) or Bank Rate plus 5.0 percentage points (9.65 per cent).

RBI NOTIFICATION NO. RBI/2022-23/46 DOR.RET.REC.33/12.01.001/2022-23 DATED May 04, 2022

Maintenance of Cash Reserve Ratio (CRR)

- Please refer to circular DOR.No.Ret.BC.35/12.01.001/2020-21 dated February 05, 2021 and relative notification on the captioned subject.
- As announced in the Governor's Statement dated May 04, 2022, it has been decided to increase the Cash Reserve Ratio (CRR) of all banks by 50 basis points from 4.00 percent to 4.50 percent of their Net Demand and Time Liabilities (NDTL), effective from the reporting fortnight beginning May 21, 2022.
- A copy of the relative notification DOR.RET.REC.34/12.01.001/2022-23 dated May 04, 2022 is enclosed below.

NOTIFICATION

In exercise of the powers conferred under the sub-section (1) of Section 42 of the Reserve Bank Act, 1934 and sub-section (1) of Section 18 of the Banking Regulation Act, 1949 (10 of 1949) read with section 56 thereof, and in partial modification of the earlier notification DOR.No.Ret.BC.38/12.01.001/2020-21 dated February 05, 2021, the Reserve Bank of India hereby notifies that the average Cash Reserve Ratio (CRR) required to be maintained by every bank shall be 4.50 per cent of its net demand and time liabilities effective from the reporting fortnight beginning May 21, 2022.

RBI NOTIFICATION NO. RBI/2022-23/50 FIDD.CO.Plan.BC.No.5/04.09.01/2022-23 DATED May 13, 2022

Lending by Commercial Banks to NBFCs and Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to priority sectors

- Please refer to para nos. 21.2, 21.3, 22 and 24 of the Master Directions on Priority Sector Lending dated September 4, 2020 (updated from time to time), along with notifications FIDD.CO.Plan.BC.No.15/04.09.01/2021-22 dated October 8, 2021 and FIDD.CO.Plan.BC.No.10/04.09.01/2021-22 dated May 5, 2021 wherein lending by commercial banks to NBFCs and lending by Small Finance Banks (SFBs) to NBFC-MFIs, for the purpose of on-lending to certain priority sectors, was permitted up to March 31, 2022.
- To ensure continuation of the synergies that have been developed between banks and NBFCs in delivering credit to the specified priority sectors, it has been decided to allow the above facility on an on-going basis.
- Bank credit to NBFCs (including HFCs) for on-lending will be allowed up to an overall limit of 5 percent of an individual bank's total priority sector lending in case of commercial banks. In case of SFBs, credit to NBFC-MFIs and other MFIs (Societies, Trusts, etc.) which are members of RBI recognized 'Self-Regulatory Organisation' of the sector, will be allowed up to an overall limit of 10 percent of an individual bank's total priority sector lending. These limits shall be computed by averaging across four quarters of the financial year, to determine adherence to the prescribed cap.
- SFBs are allowed to lend to registered NBFC-MFIs and other MFIs which have a 'gross loan portfolio' (GLP) of up to ₹ 500 crore as on March 31 of the previous financial year, for the purpose of on-lending to priority sector. In case the GLP of the NBFC-MFIs/other MFIs exceeds the stipulated limit at a later date, all priority sector loans created prior to exceeding the GLP limit will continue to be classified by the SFBs as PSL till repayment/maturity, whichever is earlier.

RBI NOTIFICATION NO. RBI/2022-23/52 FIDD.MSME & NFS.BC.No.7/06.02.31/2022-23 DATED May 19, 2022

New Definition of Micro, Small and Medium Enterprises – Clarification

- Please refer to circulars FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020, FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21 dated August 21, 2020 and FIDD.MSME & NFS.BC.No.16/06.02.31/2021-22 dated February 18, 2022, regarding revised criteria for classification of Micro, Small and Medium Enterprises.
- Government of India, vide Gazette Notification S.O. 2134(E) dated May 06, 2022, has notified amendments in sub paragraph (3) paragraph (7) of the notification of Government of India, Ministry of Micro, Small and Medium Enterprises number S.O. 2119 (E), dated June 26, 2020, published in the Gazette of India.
- In view of the above amendment, it is clarified that:
 - i. the existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAM) of the MSMEs obtained till June 30, 2020 shall remain valid till June 30, 2022 for classification as MSMEs; and
 - ii. the validity of documents obtained in terms of O.M. No.12(4)/ 2017-SME dated March 8, 2017 (RBI Circular FIDD.MSME & NFS.BC.No.10/06.02.31/2017-18 dated July 13, 2017), for classification of MSMEs upto June 30, 2020, has been extended upto June 30, 2022.