

Draft Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025

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Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025

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Introduction

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 and pursuant to Section 42 of the Reserve Bank of India Act, 1934 and Sections 18 and 24 of Banking Regulation Act, 1949, as amended from time to time, and all other provisions / laws enabling the Reserve Bank of India (hereinafter referred as the 'RBI' or 'Reserve Bank') in this regard, the RBI being satisfied that it is necessary and expedient in the public interest to do so, hereby, issues the Directions hereinafter specified.

Chapter I - Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025.
2. These Directions shall come into force with immediate effect.

B. Applicability

3. These Directions shall be applicable to Small Finance Banks (hereinafter collectively referred to as 'banks' or 'SFBs' and individually as a 'bank' or 'SFB').
4. The maintenance of Cash Reserve Ratio (CRR) shall be reported to the RBI under the statutory return **Form A**.
5. The maintenance of Statutory Liquidity Ratio (SLR) shall be reported to the RBI under the statutory return **Form VIII**.

C. Definitions

6. In these Directions, unless the context otherwise requires, the terms herein shall bear the meaning assigned to them below:

- (1) 'Aggregate Deposits' shall mean aggregation of demand and time deposits.
- (2) 'Apportionment of Saving Bank Account into demand liability and time liability': a bank shall undertake the apportionment of Saving Bank Account into demand liability and time liability as per the following procedure:
 - (i) The present practice of calculation of the proportion of demand liabilities and time liabilities by Scheduled Commercial Banks in respect of their savings bank deposits on the basis of the position as at the close of business on 30th September and 31st

March every year (cf. Regulation 7 of The Reserve Bank of India Scheduled Banks' Regulations, 1951) shall continue in the new system of interest application on savings bank deposits on a daily product basis;

(ii) The average of the minimum balances maintained (in each account) in each of the months during the half year period shall be treated by the bank as the amount representing the "time liability" portion of the savings bank deposits. When such an amount is deducted from the average of the actual balances maintained during the half year period, the difference would represent the "demand liability" portion.

(iii) The proportions of demand and time liabilities so obtained for each half year shall be applied for arriving at demand and time liabilities components of savings bank deposits for all reporting fortnights during the next half year.

(3) 'Approved Securities/SLR securities': Following securities shall be considered as approved securities (approved securities are commonly known as SLR securities):

(i) Dated securities of the Government of India issued from time to time under the market borrowing programme and the Market Stabilization Scheme;

(ii) Treasury Bills of the Government of India;

(iii) State Development Loans (SDLs) of the State Governments issued from time to time under the market borrowing programme.

(iv) Any other instrument as may be notified by the Reserve Bank of India (as and when prescribed).

Explanation:

(a) For Form A Return and its Annex, a bank should report the total investment in approved securities as per its investment book i.e. including encumbered securities.

(b) For SLR purpose, only unencumbered portion of investment in approved securities would qualify as specified SLR assets. The following SLR securities, however, shall not be considered as encumbered securities for SLR purpose and hence they will also qualify as specified SLR asset:

- Securities lodged with another institution for an advance or any other credit arrangement to the extent to which such securities have not been drawn against or availed of;
- Securities offered as collateral to the Reserve Bank for availing liquidity assistance from Marginal Standing Facility (MSF) up to the permissible

percentage of the total Net Demand and Time Liabilities (NDTL) in India, carved out of the required SLR portfolio of the bank concerned;

- Securities offered as collateral to the Reserve Bank for availing liquidity assistance under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR); and
- Securities acquired by banks under RBI-LAF and market repo transactions.

(4) 'Assets with Banking System' shall:

(i) include balances with banks in current account, balances with banks and notified financial institutions in other accounts, funds made available to banking system by way of loans or deposits repayable at call or short notice of a fortnight or less and loans other than money at call and short notice made available to the banking system.

(ii) any other amounts due from the banking system which cannot be classified under any of the above items are also to be taken as assets with the banking system.

(5) 'Average daily balance' means average of the balances held at the close of business on each day of a fortnight.

(6) 'Bank credit in India' shall mean all outstanding loans and advances including advances for which provisions have been made and / or refinance has been received {but excludes rediscounted bills without recourse and advances written off at Head Office level (i.e. technical write off)}.

(7) 'Banking System' or 'Bank/s' wherever it appears in the prescribed Form A Return shall mean the banks and any other financial institutions referred to in sub-clause (i) to (vi) of the Explanation below Section 42(1)(d) of the Reserve Bank of India Act, 1934.

(8) 'Cash' to be maintained by a SFB shall include,

(i) cash in hand,

(ii) the net balance in current accounts with other scheduled commercial banks in India.

(iii) the deposit required under sub-section (2) of Section 11 of the Banking Regulation Act, 1949 to be made with the Reserve Bank by a banking company

incorporated outside India;

(iv) any balance maintained by a scheduled bank with the Reserve Bank in excess of the balance required to be maintained by it under Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);

(v) any balances held by a bank with the RBI under the Standing Deposit Facility (SDF).

(9) 'Cash in India / Cash in hand' shall consist of total amount of rupee notes and coins held by bank branches / ATMs / Cash deposit machines maintained by banks in India, including transit cash on the bank's books as also cash with Business Correspondents (BCs), but shall exclude cash, where physical possession is with outsourced vendors / BCs, which is not replenished in the bank's ATM and / or is not reflected on the bank's books.

(10) 'Corresponding new bank' shall mean a corresponding new bank constituted under Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970); or under Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980).

(11) 'Deemed Cash' shall be cash held in India for the purpose of SLR maintenance and shall consist of the following:

(i) Cash in hand as defined in paragraph 6(9) of these Directions.

(ii) The deposit required under sub-section (2) of Section 11 of the Banking Regulation Act, 1949 and kept with the Reserve Bank by a banking company incorporated outside India.

(iii) Any balance maintained by a scheduled bank with the Reserve Bank in excess of the balance required to be maintained by it under Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);

(iv) Net balance in current accounts with other SCBs in India.

(v) any balances held by a bank with the RBI under the Standing Deposit Facility (SDF).

(12) 'Demand Deposit' shall mean a deposit received by the bank which is withdrawable on demand and shall include current deposits, demand portion of savings deposits, credit balances in overdrafts, cash credit accounts, deposits payable at call, overdue deposits, cash certificates, etc.

(13) 'Demand Liabilities' shall mean liabilities of a bank which are payable on demand and shall include the following:

- (i) current deposits,
- (ii) demand liabilities portion of savings bank deposits,
- (iii) margins held against letters of credit / guarantees,
- (iv) balances in overdue fixed deposits, cash certificates and cumulative / recurring deposits,
- (v) outstanding Telegraphic Transfers (TTs), Mail Transfers (MTs), Demand Drafts (DDs),
- (vi) unclaimed deposits,
- (vii) credit balances in the Cash Credit account,
- (viii) deposits held as security for advances which are payable on demand.

Explanation: Money at Call and Short Notice from outside the banking system shall be shown against liability to others.

(14) 'Fortnight' means the period from Saturday, following a reporting Friday, to the second following Friday, both days inclusive.

(15) 'Investment in India' shall consist of investment in approved government securities and other approved securities (as explained below). These shall include both encumbered and unencumbered securities as per the bank's investment book. (Except securities acquired by banks under RBI-LAF and market repo).

(16) 'Investment in India in other Government Securities' shall mean Investment in Government securities which are not approved securities (such as SDLs issued as UDAY bonds).

(17) 'Liquidity Adjustment Facility (LAF)' shall mean fixed and variable rate Repo operations (for injection of liquidity) and reverse repo operations (for absorption of liquidity) conducted by the Reserve Bank of India from time to time.

(18) 'Marginal standing facility' shall mean the facility under which the eligible banks can avail liquidity support from the Reserve Bank against excess SLR holdings. Additionally, they can also avail overnight liquidity by dipping into their stipulated SLR, up to a certain percent of their respective NDTL outstanding at the last Friday of the second preceding fortnight. The rate of interest under MSF will be above the LAF repo rate, as decided by the RBI from time to time.

(19) 'Market borrowing programme' shall mean the domestic rupee loans raised by the Government of India and the State Governments from the public and managed by the Reserve Bank through issue of marketable securities, governed by the provisions of the Government Securities Act, 2006, Public Debt Act, 1944 and the Regulations framed under those Acts, through an auction or any other method, as specified in the notification issued in this regard.

(20) 'Net balance in current accounts' shall have the same meaning assigned in explanation (c) to Section 18 of the Banking Regulation Act, 1949.

(21) 'Other Approved Securities' shall mean Government Securities, other than the securities mentioned in paragraph 6(3) above, subject to the condition that they are notified as approved securities.

(22) 'Other Demand and Time Liabilities (ODTL)' shall include the following:

(i) Interest accrued on deposits, bills payable, unpaid dividends, suspense account balances representing amounts due to other banks or public, net credit balances in branch adjustment account, and any amounts due to the banking system which are not in the nature of deposits or borrowing.

(ii) The balance outstanding in the blocked account pertaining to segregated outstanding credit entries for more than five years in inter-branch adjustment account, the margin money on bills purchased / discounted and gold borrowed by banks from abroad. The conversion rate of gold into rupees is to be done by crossing the London AM fixing for Gold/USD rate with the rupee-dollar reference rate announced by Financial Benchmarks India Private Limited (FBIL).

(iii) Borrowings through instruments qualifying for Upper Tier 2 and Tier 2 capital.

Explanation:

(a) Such liabilities may arise due to items like collection of bills on behalf of other banks, interest due to other banks and so on. If a bank cannot segregate the liabilities to the banking system from the total of ODTL, the entire ODTL may be shown against item II(c) 'Other Demand and Time Liabilities' of the Return in Form 'A'.

(23) Cash collaterals received under collateralised derivative transactions should be included in the bank's NDTL for the purpose of reserve requirements as these are in the nature of 'outside liabilities'. Interest accrued on deposits should be calculated on

each reporting fortnight (as per the interest calculation methods applicable to various types of accounts) so that the bank's liability in this regard is fairly reflected in the total NDTL of the same fortnightly return

(24) 'Scheduled Commercial Bank' shall mean a banking company included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934) and includes the State Bank of India, corresponding new bank, and Regional Rural Bank.

(25) 'State Co-operative Bank' shall mean the Principal Co-operative Society in a State, the primary object of which is the financing of other Co-operative Societies in the State:

Provided that in addition to such Principal Society in a State, or where there is no such Principal Society in a State, the State Government may declare any one or more Co-operative Societies carrying on business in that State to be also or to be a State Co-operative Bank or State Co-operative Banks within the meaning of this definition; 'Time Deposits' shall mean deposits other than demand deposits.

(26) 'Time Liabilities' of a bank shall include those liabilities which are payable otherwise than on demand and shall include the following:

- (i) fixed deposits,
- (ii) cash certificates,
- (iii) cumulative and recurring deposits,
- (iv) time liabilities portion of savings bank deposits,
- (v) staff security deposits,
- (vi) margin held against letters of credit, if not payable on demand,
- (vii) deposits held as securities for advances which are not payable on demand,
- (viii) gold deposits.

(27) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act or the Reserve Bank of India Act, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

Chapter II - Cash Reserve Ratio (CRR)

A. Cash Reserve Ratio (CRR)

7. Every SFB shall maintain in India by way of cash reserve, a sum equivalent to such percent of the total of its NDTL in India, in such manner and for such dates, as the Reserve Bank in terms of Section 42(1) of the RBI Act, 1934 and Section 18(1) of BR Act, 1949, may specify, by notification in the Official Gazette, from time to time having regard to the needs of securing the monetary stability in the country.

B. Incremental CRR

8. In terms of Section 42(1A) of RBI Act, 1934, the Reserve Bank may require the scheduled banks to maintain, in addition to the balances prescribed under Section 42(1) of the Act, an additional average daily balance, the amount of which shall not be less than the rate specified by the Reserve Bank in the notification published in the Gazette of India from time to time.

Provided that such additional balance shall be calculated with reference to the excess of the total of NDTL of the bank as shown in the Returns referred to in Section 42(2) of the RBI Act, 1934 over the total of its NDTL at the close of the business on the date specified in the notification.

C. Maintenance of CRR

9. Every SFB shall maintain in India with the Reserve Bank, an average daily balance, the amount of which shall not be less than 3.75 percent, 3.5 per cent, 3.25 percent and 3.0 percent of its NDTL, as on the last Friday of the second preceding fortnight, effective from the reporting fortnight beginning September 6, October 4, November 1 and November 29, 2025, respectively.

D. Maintenance of Minimum CRR on Daily Basis

10. Every SFB shall maintain minimum CRR of not less than 90 percent of the required CRR on all days during the reporting fortnight, in such a manner that the average of CRR maintained daily shall not be less than the CRR prescribed by the Reserve Bank.

E. Computation of Net Demand and Time Liabilities (NDTL)

11. NDTL of a bank includes (a) liabilities towards the banking system net of assets with the banking system as defined in Section 42 of the RBI Act, 1934 for SFBs (b)

liabilities towards others in the form of demand and time deposits or borrowings or other miscellaneous items of liabilities.

12. For the purpose of these Directions, the Reserve Bank may specify from time to time with reference to any transaction or class of transactions that such transaction or transactions shall be regarded as liability in India of a bank.

13. If any question arises as to whether any transaction or transactions shall be regarded, for the purpose of these Directions, as liability in India of a bank, the bank shall approach the RBI. The decision of the Reserve Bank thereon shall be final.

14. Loans / borrowings from abroad by banks in India shall be reckoned as 'liabilities to others' and shall be subject to reserve requirements. On the other hand, lending to banks abroad will not be considered as assets with the banking system and hence will not be allowed to be netted out from inter-bank liabilities.

15. Upper Tier II instruments raised and maintained in India / abroad shall be reckoned as liability for the computation of NDTL for the purpose of reserve requirements.

16. The balance amount in respect of the drafts issued by the accepting bank on its correspondent bank under the Remittance Facilities Scheme and remaining unpaid shall be reckoned as 'Liability to others in India' for the computation of NDTL. The amount received by correspondent banks shall be reckoned as 'Liability to the Banking System' and this liability may be netted off by the correspondent banks against the inter-bank assets.

17. Sums placed by banks for issuing drafts / interest / dividend warrants shall be treated as 'Assets with banking system' and banks shall have the option to net them off from their inter-bank liabilities.

18. The calculation of the proportion of demand liabilities and time liabilities by SFBs in respect of their savings bank deposits on the basis of the position as at the close of business on 30th September and 31st March every year shall continue with interest application on savings bank deposits on a daily product basis.

F. Liabilities not to be included for NDTL computation.

19. The liabilities mentioned below shall not form part of liabilities of a bank for the purpose of CRR and SLR:

(1) Paid up capital, reserves, borrowings through instruments qualifying for Tier 1 and

additional Tier 1 capital; any credit balance in the Profit & Loss Account of the bank, amount of any loan / refinance taken from RBI, Exim Bank, NHB, NABARD, NaBFID and SIDBI.

Provided that the funds collected by various branches of the bank or other banks for the issue and held pending finalisation of allotment of the additional Tier 1 preference shares shall have to be taken into account for the purpose of calculation of reserve requirements.

- (2) Net income tax provision,
- (3) Amount received from Deposit Insurance and Credit Guarantee Corporation (DICGC) towards claims and held by the bank pending adjustments thereof,
- (4) Amount received from Export Credit Guarantee Corporation (ECGC) by invoking the guarantee,
- (5) Amount received from an insurance company on ad-hoc settlement of claims pending judgment of the Court,
- (6) Amount received from the Court Receiver,
- (7) The liabilities arising on account of utilisation of limits under Bankers' Acceptance Facility (BAF),
- (8) District Rural Development Agency (DRDA) subsidy kept in Subsidy Reserve Fund account in the name of Self Help Groups,
- (9) Subsidy released by NABARD under Investment Subsidy Scheme for Construction / Renovation / Expansion of Rural Godowns,
- (10) Subsidy released by Central / State Government which is kept in zero percent fixed deposit receipt (FDR) account, if the terms / conditions prescribed in this regard by the Government and the accounting / operating treatment given to zero per cent FDR account are same as that of zero per cent Subsidy Reserve Fund account,
- (11) Net unrealised gain / loss arising from derivatives transaction under trading portfolio,
- (12) Income flows received in advance such as annual fees and other charges which are not refundable,
- (13) Bill rediscounted by a bank with eligible financial institutions as approved by the

RBI, and

(14) Amount received by the eligible banks from National Credit Guarantee Trustee Company Limited (NCGTC) by invoking the guarantee towards claims and pending adjustments thereof.

G. Exempted Categories

20. Scheduled Banks are exempted from maintaining CRR on the following liabilities:

(1) Net of liabilities to the banking system from the assets with the banking system defined in Section 42 (1) (d) of the RBI Act, 1934 as under:

(i) Liabilities to the banking system as computed under clause (d) of explanation to section 42(1) of the RBI Act, 1934.

The aggregate of the 'liabilities' of a scheduled bank to:

- (a) the State Bank of India,
- (b) a corresponding new bank constituted by Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and a corresponding new bank constituted by Section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980,
- (c) any Regional Rural Bank established under Section 3 of the Regional Rural Banks Act, 1976,
- (d) a banking company as defined in Clause (c) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949),
- (e) a co-operative bank as defined in Clause (cci) of Section 56 of the Banking Regulation Act, 1949, and
- (f) any other financial institution notified by the Central Government in this behalf

shall be reduced by the aggregate of the liabilities of all such banks and institutions to the scheduled bank.

(2) Credit balances in Asian Clearing Union (ACU) (US\$) Accounts;

(3) Demand and Time Liabilities in respect of their Offshore Banking Units (OBUs).

(4) Minimum of Eligible Credit (EC) and outstanding Long-term Bonds (LB) to finance infrastructure loans and affordable housing loans as per Reserve Bank of India (Small Finance Banks – Resource Raising Norms) Directions, 2025 ;

(5) Liabilities in respect of the bank's International Financial Services Centre (IFSC) Banking Units (IBUs);

(6) Funds Borrowed under market repo against Government securities; and

(7) All banks are advised that with effect from the reporting fortnight beginning July 30, 2022, incremental FCNR (B) deposits as also NRE Term deposits with reference to base date of July 1, 2022, mobilised by banks are exempt from maintenance of CRR and SLR. The exemptions are valid for deposits raised till November 04, 2022. The exemption on reserves maintenance will be available for the original deposit amounts till such time the deposits are held in the bank's books.

H. CRR Computation

21. In order to improve cash management by banks, as a measure of simplification, a lag of one fortnight is allowed to banks to maintain CRR based on the NDTL of the last Friday of the second preceding fortnight.

I. No Interest Payment on Eligible Cash Balances maintained by SCBs with RBI under CRR

22. Reserve Bank of India does not pay any interest on the CRR balances maintained by SCBs.

J. Loans out of FCNR (B) Deposits and Inter-Bank Foreign Currency (IBFC) Deposits

23. Loans out of Foreign Currency Non-Resident Accounts (Banks), (FCNR [B] Deposits Scheme) and Inter-Bank Foreign Currency (IBFC) deposits shall be included as part of bank credit for the purpose of these Directions. Banks shall use the conversion rate announced by Financial Benchmarks India Private Limited (FBIL) for the purpose of converting foreign assets / liabilities for reporting in the statutory returns mentioned at paragraphs 4 and 5 of these directions. For conversion of assets / liabilities in other currencies, banks may use New York Closing Rate pertaining to the day end of the reporting Friday for converting such currencies into USD and then use the reference rate of FBIL for USD/ INR for the same day for conversion into INR.

Chapter III - Statutory Liquidity Ratio (SLR)

A. Statutory Liquidity Ratio (SLR)

24. Every bank, in addition to the cash reserves which it is required to maintain under these Directions, shall maintain in India, assets, the value of which shall not be less than such percentage not exceeding 40 percent of the total of its demand and time liabilities in India as on the last Friday of the second preceding fortnight as the Reserve Bank may, by notification in the Official Gazette, specify from time to time and such assets shall be maintained in such form and such manner, as may be specified in such notification.

B. SLR - Eligible Assets

25. Every SFB shall maintain in India assets (hereinafter referred to as 'SLR assets') the value of which shall not, at the close of business on any day, be less than 18 per cent of its total net demand and time liabilities in India as on the last Friday of the second preceding fortnight in accordance with the method of valuation specified by RBI from time to time.

C. Marginal Standing Facility (MSF)

26. Banks permitted by Reserve Bank shall have the option to participate in the Marginal Standing Facility (MSF) Scheme introduced by the Reserve Bank. The features of the scheme are:

- (1) The eligible banks shall have the option to borrow up to two percent of their respective NDTL outstanding at the end of the second preceding fortnight.
- (2) The eligible entities shall also continue to access overnight funds under this facility against their excess SLR holdings.
- (3) In the event of a bank's SLR holding falling below the statutory requirement up to two percent of its NDTL, the bank shall not have the obligation to seek a specific waiver for default in SLR compliance arising out of use of this facility in terms of notification issued under sub section (2A) of Section 24 of the Banking Regulation Act, 1949.

27. Within the mandatory SLR requirement, Government securities to the extent allowed by the Reserve Bank under Marginal Standing Facility (MSF) are permitted to be reckoned as the Level 1 High Quality Liquid Assets (HQLAs) for the purpose of computing Liquidity Coverage Ratio (LCR) of banks. In addition to this, banks are

permitted to reckon up to such percentage, as may be stipulated by RBI from time to time, of their NDTL within the mandatory SLR requirement as level 1 HQLA. This facility has been provided to enable banks to avail liquidity for Liquidity Coverage Ratio.

D. SLR Assets

28. SLR assets shall be maintained by SFBs as under:

- (1) Cash, or;
 - (2) Gold, as defined in Section 5(g) of the Banking Regulation Act, 1949 (10 of 1949), valued at a price not exceeding the current market price, or;
 - (3) Unencumbered investment in any of the following instruments [hereinafter referred to as Statutory Liquidity Ratio securities ("SLR securities")], namely:-
 - (i) Dated securities of the Government of India issued from time to time under the Market Borrowing Programme and the Market Stabilization Scheme; or
 - (ii) Treasury Bills of the Government of India; or
 - (iii) State Development Loans (SDLs) of the State Governments issued from time to time under the market borrowing programme; or
 - (iv) Any other instrument as may be notified by the Reserve Bank of India (as and when prescribed).
 - (4) the deposit and unencumbered approved securities required, under sub-section (2) of Section 11 of the Banking Regulation Act, 1949(10 of 1949), to be made with the Reserve Bank by a banking company incorporated outside India;
 - (5) any balance maintained by a scheduled bank with the Reserve Bank in excess of the balance required to be maintained by it under Section 42 of the Reserve Bank of India Act, 1934 (2 of 1934);
- Provided that** the instruments referred to in items (3)(i) and (3)(ii) mentioned above, that have been acquired from Reserve Bank of India under reverse repo, shall be considered as eligible assets for SLR maintenance.
- Provided further that** the following SLR-securities shall not be treated as encumbered for the purpose of maintenance of SLR assets, namely:
- (i) securities lodged with another institution for an advance or any other credit

arrangement to the extent to which such securities have not been drawn against or availed of;

(ii) securities offered as collateral to the Reserve Bank for availing liquidity assistance under Marginal Standing Facility (MSF) up to the permissible percentage of the total NDTL in India, carved out of the required SLR portfolio of the bank concerned;

(iii) securities offered as collateral to the Reserve Bank for availing liquidity assistance under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).

(6) Explanation - For the purpose of these Directions,

(i) Securities lodged in the Gilt Account of the bank maintained with Clearing Corporation of India Ltd. (CCIL) under Constituent Subsidiary General Ledger account (CSGL) facilities remaining unencumbered at the end of any day can be reckoned for SLR purposes by the bank concerned.

(ii) Funds borrowed under repo including tri-party repo in government securities shall be exempted from CRR / SLR computation and the security acquired under repo shall be eligible for SLR provided the security is primarily eligible for SLR as per the provisions of the Act under which it is required to be maintained.

(iii) Borrowings by a bank through repo in corporate bonds and debentures shall be reckoned as liabilities for Cash Reserve Ratio / Statutory Liquidity Ratio requirement and, to the extent these liabilities are to the banking system, they shall be netted as per Section 42 (1) (d) of the RBI Act, 1934.

(iv) All banks shall maintain investments in Government Securities only in Subsidiary General Ledger (SGL) Accounts with Reserve Bank or in CSGL Accounts of scheduled commercial banks, Primary Dealers (PDs), State Co-operative Banks, and Stock Holding Corporation of India Ltd. (SHCIL) or in the dematerialised accounts with depositories such as National Securities Depositories Ltd (NSDL), Central Depository Services Ltd. (CDSL), and National Securities Clearing Corporation Ltd. (NSCCL).

(v) Banks shall report the SDF balances held by banks with RBI under "Cash in hand" in Form VIII, as it is an eligible asset for SLR maintenance. The balances held by banks with RBI under the SDF shall not be eligible for Cash Reserve Ratio (CRR) maintenance. Further, scheduled banks are not required to report SDF balances held by banks with RBI, in Form A return.

(7) Note:

- (i) With a view to disseminating information on the SLR status of a Government security, it has been decided that:
 - (a) the SLR status of securities issued by the Government of India and the State Governments will be indicated in the Press Release issued by the Reserve Bank of India at the time of issuance of the securities; and,
 - (b) an updated and current list of the SLR securities will be posted on the Reserve Bank's website (www.rbi.org.in) under the link "Database on Indian Economy" under the head 'Statistics'.
- (ii) The cash management bill shall be treated as Government of India Treasury Bill and thus be reckoned as SLR security.

Chapter IV - Procedure for computation of SLR

A. Computation of NDTL for SLR

29. The procedure for computation of NDTL for SLR shall be as below:

- (1) Total NDTL for the purpose of SLR under Section 24 (2A) of Banking Regulation Act, 1949, shall be computed on the similar procedure as followed for CRR.
- (2) The liabilities mentioned under paragraph 19 of these Directions shall not form part of liabilities for the purpose of SLR also.
- (3) SCBs are required to include inter-bank term deposits / term borrowing liabilities of all maturities in 'Liabilities to the Banking System'.
- (4) Banks shall include their inter-bank assets of term deposits and term lending of all maturities in 'Assets with the Banking System' for computation of NDTL for SLR purpose.
- (5) Additionally, liabilities mentioned at paragraphs 20 (4), (5), (6) and (7) are exempt from SLR requirement.

B. Classification and Valuation of SLR eligible securities

30. Classification and valuation of approved securities shall be in accordance with the extant instructions in Reserve Bank of India (Small Finance Banks – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025, as applicable.

Chapter V - Reporting

A. Fortnightly CRR Return in Form A

31. Under Section 42(2) of the RBI Act, 1934, every SFB shall submit to Reserve Bank a provisional Return in Form 'A' (**Annex – I**), at the close of business on each alternate Friday and within seven days after the date of the relevant fortnight to which it relates.

32. Where such reporting Friday is a public holiday under the Negotiable Instruments Act, 1881, for one or more offices of the bank, the Return shall give at the close of business of the preceding working day's figure in respect of such office or offices, but shall nevertheless be deemed to relate to that Friday.

33. The final Return in Form 'A', shall be submitted to Reserve Bank within 20 days from expiry of the relevant fortnight along with:

(1) the Memorandum to the Return in Form 'A' giving details of paid-up capital, reserves, time deposits comprising short-term (of contractual maturity of one year or less) and long-term (of contractual maturity of more than one year), certificates of deposits, NDTL, total CRR requirement, etc.,

(2) Annex A to the Return in Form 'A' showing all foreign currency liabilities and assets, and

(3) Annex B to return in Form 'A' giving details about investment in approved securities, investment in unapproved securities, memo items such as subscription to shares / debentures / bonds in primary market and subscriptions through private placement.

34. The SFB should adhere to the following practice for presentation of Reverse Repo transactions in the Form 'A' return:

(1) Reverse Repo transactions with the banks should be reported as under:

(i) For original tenors up to and inclusive of 14 days

(a) Item III(b) of Form A (i.e., Money at call and short notice); and

(b) Memo item 2.1 of Annex A to Form A (i.e., under Inter Bank Assets)

(ii) For original tenors more than 14 days

(a) Item III(c) of Form A (i.e., Advances to banks); and

(b) Memo item 2.1 and 2.2 of Annex A to Form A (i.e., under Inter Bank Assets)

(2) The Reverse Repo transactions of a bank with non-banks (other institutions) should

be reported as under:

- (i) For original tenors up to and inclusive of 14 days - Not required to be reported in Form A.
- (ii) For original tenors more than 14 days - Item VI(a) of Form A [i.e. Loans, cash credits and overdrafts under Bank Credit in India (excluding inter-bank advances)].

35. Where the last Friday of a month is not a reporting Friday for the purpose of the above Returns, the bank shall send to the Reserve Bank, a special Return in Form A, giving the same details as specified above as at the close of business on such last Friday or where such last Friday is a public holiday under Negotiable Instruments Act, 1881, as at the close of business on the preceding working day and such Return shall also be submitted within seven days after the date to which it relates.

36. Whenever there are wide variations between the sources and uses of funds as being reported in the fortnightly Return and the variations exceed 20 percent, the banks concerned should give reasons therefor in the Return.

37. In terms of Regulation 5(i) (c) of the Scheduled Banks Regulations, 1951, the banks are required to furnish a list of the names, the officials designations and specimen signatures of the officers of the banks who are authorised to sign on behalf of the banks, Returns prescribed under Section 42(2) of the RBI Act, 1934, and Section 18 and 24 of the Banking Regulation Act, 1949. The bank has to submit to the Reserve Bank fresh set of signatures whenever there is change in the incumbency.

38. Form A and Form VIII are not to be submitted in hard copy / paper returns by the banks. The banks have to submit these returns in electronic form on Centralised Information Management System (CIMS) live site using digital signatures of two authorised officials. While submitting these returns, banks have to ensure that the same is compliant with the prevalent IT laws of the country.

B. Return in Form VIII (SLR)

39. Every SFB shall submit to the Reserve Bank before 20th day of every month, a Return in Form VIII (**Annex – II**) showing the amount of SLR held on alternate Fridays during the immediate preceding month with particulars of their DTL in India held on such Fridays or if any such Friday is a public holiday under the Negotiable Instruments Act, 1881, at the close of business on the preceding working day.

40. Every scheduled bank shall also submit a statement as **Annex** to Form VIII Return giving daily position of (a) assets held for the purpose of compliance with SLR, (b) excess cash balances maintained by them with RBI in the prescribed format, and (c) mode of valuation of securities.

41. The Statutory Auditors shall verify and certify that all items of outside liabilities, as per the bank's books had been duly compiled by the bank and correctly reflected under NDTL in the fortnightly / monthly statutory returns submitted to Reserve Bank for the financial year.

Chapter VI - Penalties

A. Penalties for default in CRR Maintenance

42. Every bank is liable to pay to the Reserve Bank, penal interest as mentioned below, if the daily balance of cash reserve (CRR) held by the bank during any fortnight is below the minimum prescribed by or under these Directions.

(1) Penal interest shall be recovered from SFBs in the event of shortfall in maintenance of prescribed CRR on a daily basis for that day at the rate of three percent per annum above the Bank Rate on the amount by which the amount actually maintained falls short of the prescribed minimum on that day and if the shortfall continues on the next succeeding day/s, penal interest shall be recovered at the rate of five per cent per annum above the Bank Rate.

(2) In cases of shortfall in maintenance of CRR on average basis during a fortnight, penal interest will be recovered as envisaged in sub-section (3) of Section 42 of Reserve Bank of India Act, 1934.

43. Banks are required to furnish the particulars such as date, amount, percentage, reason for default in maintenance of requisite CRR and also action taken to avoid recurrence of such default.

44. Under the provisions of Section 42(3A) of the RBI Act, 1934, penal interest at the increased rate of five percent above the Bank Rate become payable and if the default still continues during the next succeeding fortnight,

(1) Every Director, Manager or Secretary of the SFB who is knowingly and willfully a party to the default, shall be punishable with fine which may extend to ₹500 and with a further fine which may extend to ₹500 for each subsequent fortnight during which default continues.

(2) The Reserve Bank may prohibit a SFB from receiving any fresh deposit after the said fortnight, and if default is made by the bank in complying with the prohibition referred to in this clause, every director and officer of the bank who is knowingly and willfully a party to such default or who through negligence or otherwise contributes to such default shall in respect of each such default be punishable with fine which may extend to ₹500 and with a further fine which may extend to ₹500 for each day after the first, on which a deposit received in contravention of such prohibition is retained by the

scheduled bank.

45. Failure to submit the Return/late submission of the Return shall attract the provisions of Section 42(4) of RBI Act, 1934 and banks are liable for imposition of penalties as indicated therein.

B. Penalties for default in SLR Maintenance

46. On the failure of the bank to maintain as on any day, the amount of SLR required to be maintained by a bank, the bank shall be liable to pay to the Reserve Bank in respect of that default, the penal interest as envisaged under Section 24 of the BR Act, 1949.

47. Failure to submit the prescribed return in time will attract the provisions of Section 46(4) of the Act *ibid*.

48. Where it is observed that banks are persistently defaulting despite instructions and repeated advice, the Reserve Bank in addition to levy of penalty on such defaulting banks, may be constrained to consider cancelling the licence in case of licensed banks. The banks should, therefore, in their own interest ensure maintenance of statutory liquidity ratio at prescribed rates and be very prompt in submission of required Return to Regional Office concerned of Reserve Bank.

Disclaimer: It is hereby advised that mere inclusion of any item in the above Master Direction should not be construed as a permission to undertake all such activities by a banking entity.

Chapter VII - Repeal And Other Provisions

A. Repeal and saving

49. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Cash Reserve Ratio and Statutory Liquidity Ratio as applicable to Small Finance Banks stand repealed, as communicated vide notification dated XX, 2025. The Directions, instructions and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

50. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions.

B. Application of other laws not barred

51. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force

C. Interpretations

52. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

FORM A

(To be submitted by a scheduled bank)

Statement of position at the close of business on Friday¹----- (Rupees rounded off to the nearest thousand)

Name of the Bank:

I. Liabilities to the Banking System in India ²

- a) Demand and time deposits from Banks
- b) Borrowings from Banks
- c) Other Demand and Time Liabilities³

Total of I

II. Liabilities to Others in India

- a) Aggregate Deposits (Other than from Banks)
 - (i) Demand
 - (ii) Time
- b) Borrowings⁴
- c) Other demand and time liabilities

Total of II

Total of I + II

III. Assets with the Banking System in India

- a) Balances with Banks
 - (i) In current account
 - (ii) In other accounts
- b) Money at call and short notice
- c) Advances to banks i.e., dues from banks
- d) Other Assets

Total of III

IV. Cash in India (i.e., cash in hand)

V. Investments in India (at book value)

- a) Central and State Governments securities including Treasury Bills, Treasury Deposits Receipts, Treasury

Savings Deposit Certificates and Postal obligations

- b) Other approved Securities

Total of V

VI. Bank Credit in India (excluding inter-bank advances)

- a) Loans, cash credits and overdrafts
- b) Inland Bills purchased and discounted
 - (i) Bills Purchased
 - (ii) Bills Discounted
- c) Foreign Bills purchased and discounted
 - (i) Bills purchased
 - (ii) Bills discounted

Total of VI

Total of (III+IV+V+VI)

A. Net liabilities for the purpose of Section 42 of the Reserve Bank of India Act, 1934 = Net Liability to the Banking System + Liabilities to Others in India i.e.,(I-III) +II, if (I-III) is a plus figure or II only, If (I-III) is a minus figure.

B. Savings Bank Account (vide Regulation 7)

- i) Demand Liabilities in India
- ii) Time Liabilities in India

Place:

Date:

¹ Where Friday is a public holiday under the Negotiable Instrument Act, 1881 (26 of 1881) for one or more offices of a Scheduled bank, the return shall give the preceding working day's figure in respect of such office or offices, but shall nevertheless be deemed to relate to that Friday.

² The expression "Banking System" or "Banks" wherever it appears in the return means the banks and any other financial institutions referred to in sub-clause (i) to (vi) of clause (d) of the Explanation below Section 42 (1) of the Reserve Bank of India Act, 1934. .

³ If it is not possible to provide the figure against I(c) separately from II(c), the same may be included in the figure against II(c). In such a case, the net liability to the banking system will be worked out as the excess, if any of the aggregate of 1(a) and 1(b) over the aggregate of III.

⁴ Other than from Reserve Bank of India, National Bank for Agriculture and Rural Development and Export-Import Bank of India.

Memorandum to Form A

1. Paid-up Capital

1.1 Reserves

2. Time Deposits

2.1 Short-term

2.2 Long-term

3. Certificates of Deposits

4. Net Demand and Time Liabilities

(After deduction of liabilities under zero reserve prescription, Annex A)

5. Amount of Deposits required to be maintained as per current rate of CRR

6. Any other liability on which CRR is required to be maintained as per current RBI instructions under section 42 and 42(1A) of the Reserve Bank of India Act, 1934.

7. Total CRR required to be maintained under Section 42 and 42(1A) of the Reserve Bank of India Act, 1934.

Annex A to Form A

Name of the Bank:

(Amount in Rupees rounded off to the nearest thousand)

Items	Outstanding at Book value	Revaluation value	Interest
1	2	3	4
FOREIGN CURRENCY LIABILITIES			
Foreign Currency Liabilities to others In India			
I. Non-Resident Deposits (I.1+I.2+I.3+I.4)			
I.1 Non-Resident External Rupee Account (NRE)			
I.2 Non-Resident Ordinary Deposits (NRO)			
I.3 Foreign Currency Non-Resident Banks Scheme (FCNR(B))(1.3.1+1.3.2)			
I.3.1 Short-term ¹			
I.3.2 Long-term ²			
I.4 Others (to be specified)			
II. Foreign Currency Other Deposits/Schemes (II.1+II.2+II.3+II.4+II.5+II.6)			
II.1 Exchange Earner's Foreign Currency			
II.2 Resident Foreign Currency Accounts (II.2.1+II.2.2)			
II.2.1 Resident Foreign Currency (Old Scheme)			
II.2.2 Resident Foreign Currency (Domestic) (New Scheme)			
II.3 ESCROW Accounts by Indian Exporters			
II.4 Foreign Credit Line for Pre-shipment Credit account and Overseas Rediscounting of Bills			

II.5 Credit Balances in ACU(US dollar) Account			
II.6 Others (to be specified)			
III. Foreign Currency Liabilities to the Banking System In India(III.1+III.2)			
III.1 Inter-bank Foreign Currency Deposits			
III.2 Inter-bank Foreign Currency Borrowings			
IV. Overseas Borrowings³			
FOREIGN CURRENCY ASSETS			
1.Assets with the banking system in India			
1.1 Foreign Currency lending			
1.2 Others			
2. Assets with others In India			
2.1 Bank Credit In India In Foreign Currency ⁴			
2.2 Others			
3. Overseas foreign currency assets⁵			
<i>of which, balances held in cash component of Nostro account</i>			

	Amount in Rupees Rounded off to the Nearest thousand
V. External Liabilities to Others subject to Differential/zero CRR prescription (I+II)	
VI. External liabilities fully subject to CRR prescription (IV)	
VII. Net Inter-Bank Liabilities(I-III of Form A)	
VIII. Any other liabilities coming within the purview of zero prescription	
VIII.1 Market Repos in government securities including TREPS	
VIII.2 IBU	
VIII.3 OBU	
VIII.4 Minimum of EC or LB	
VIII.5 FCNR (B) Deposits - Circular dated July 06, 2022	

VIII.7 NRE Term deposits - Circular dated July 06, 2022 VIII.8 Other Liabilities under Zero Prescription IX. Liabilities subject to zero CRR prescription (V+VII+VIII)	
Memo items	
1. Inter Bank Liabilities	
1.1 Total Inter Bank Liabilities	
1.2 Less: Term liabilities (Maturity>= 15 days and up to 1 year)	
1.3 Net (1.1-1.2)	
2. Inter Bank Assets	
2.1 Total Inter Bank Assets	
2.2 Less: Term assets(Maturity>= 15 days and up to 1 year)	
2.3 Net (2.1-2.2)	
3. ACU Dollar Funds	

1 of contractual maturity of one year or less.

2 of contractual maturity of more than one year.

3 Pertains to the portion not swapped into Rupees.

4 Loans out of FCNR (B) deposits.

5 Include (i) balances held abroad (i.e., cash component of Nostro account. debit balances in ACU (US dollar) account and credit balances in the commercial banks of ACU countries) (ii) short term foreign deposits and investments in eligible securities, (iii) foreign money market instruments including Treasury Bills and (iv) foreign shares and bonds.

(Signature of Authorised Officials)

1. (Designation)

2. (Designation)

Annex B to Form A

Name of the Bank:

(Amount in Rupees rounded off to the nearest thousand)

Items	Outstanding at book value	Revaluation value
1	2	3
I. Investments in Approved Securities(I.1+I.2) I.1 Investment in Government securities (I.1.1+I.1.2=Item V(a) of Form A) I.1.1 Short Term ¹ I.1.2 Long Term ² I.2 Investment in other approved Securities (I.2 =Item V(b) of Form A) (As and when prescribed) I.3 Investment in other Government Securities (Non- SLR) II Investments in other Securities (II.1+II.2+II.3+II.4) Investments in : II.1 Commercial Paper II.2 Units of Mutual Funds II.3 Shares issued by - II.3.1 Public Sector Undertakings II.3.2 Private Corporate Sector II.3.3 Public Financial Institutions II.3.4 Others (to be specified) II.4 Bonds/debentures/security receipts/ Pass Through Certificates issued by - II.4.1 Public Sector Undertakings II.4.2 Private Corporate Sector		

II.4.3 Public Financial Institutions		
II.4.4 Others (to be specified)		
III Deposits towards Priority Sector Lending shortfall (RIDF, SIDBI etc.)		
Memo Items		
1. Subscriptions to shares/debentures/bonds in the Primary market. 2. Subscriptions through Private Placements 3. Of item no. (I.1 +I.2) above, securities pledged for borrowings (a+b+c+d+e): a) under RBI-LAF repo/term repo b) under MSF c) under FALLCR d) under market repo/other borrowings e) contribution to Settlement Guarantee Funds (SGFs) and other similar funds		

¹ of contractual maturity of one year or less

² of contractual maturity of more than one year.

(Signature of Authorised Officials)

1. (Designation)

2. (Designation)

FORM VIII
THE BANKING REGULATION ACT, 1949

(Rule 13 A)

(Section 18 and 24)

For Small Finance Banks (SFBs)

1. Name of the banking company:
2. Name and designation of the officer submitting the return:
3. Statement of demand and time liabilities and cash, gold and unencumbered approved securities for the month of _____:

(To be furnished to the Reserve Bank not later than 20 days after the end of the month to which it relates)

(Rounded off to the nearest thousand rupees)

	As at the close of business on		
	First alternate Friday@	Second alternate Friday@	Third alternate Friday@
PART - A I. Liabilities in India to the Banking System (excluding any loan taken by a Regional Rural Bank from its sponsor Bank) (a) Demand Liabilities (i) Balances in current accounts of the State Bank of India and corresponding new banks			

<p>(ii) Other demand liabilities</p> <p>(b) Time Liabilities</p> <p>Total of I</p> <p>II. Liabilities in India to others(excluding borrowings from the Reserve Bank, Export-Import Bank of India and National Bank for Agriculture and Rural Development)</p> <p>(a) Demand Liabilities</p> <p>(b) Time Liabilities</p> <p>Total of II</p>	
<p>III Cash in hand</p> <p>IV. Balances in current account with the Reserve Bank</p> <p>V. Assets in India with the Banking System</p> <p>(a) Balances in current account with</p> <p>(i) The State Bank of India and corresponding new banks.</p> <p>(ii) Other banks and Notified financial Institutions</p> <p>(b) Balances in other accounts with banks and notified financial institutions</p> <p>(c) Money at call and short notice</p> <p>(d) Advances to banks (i.e., dues from banks)</p> <p>(e) other assets</p> <p>Total of V</p> <p>VI. Net balance in current accounts= V(a)(i) - I (a)(i)</p> <p>VII. Net liabilities for the purpose of Section 18 and 24 of the Banking Regulation Act, 1949=</p> <p>Net liabilities to the Banking System+ Other demand and time liabilities=</p> <p>(I-V)+II if (I-V) is a plus figure</p>	

OR

II only if (I-V) is a minus figure

PART – B(For non-scheduled banks only)

VIII. Minimum amount of cash reserve required to be maintained under Section 18 of the Banking Regulation Act, 1949 (such per cent of VII as on the last Friday of the second preceding fortnight as specified by the Reserve Bank from time to time.)

IX. Cash reserve actually maintained =

Total of III, IV and VI

X. Excess of IX over VIII

PART - C

XI. Minimum amount of assets required to be maintained under Section 24 of the Banking Regulation Act, 1949 (such percent of VII as on the last Friday of the second preceding fortnight as specified by the Reserve Bank from time to time).

XII. (a) Balance required to be maintained by a scheduled bank under Section 42 of the Reserve Bank of India Act, 1934.

(b) Balance actually maintained by a scheduled bank with the Reserve Bank

(c) Excess of (b) over (a)

XIII. Assets actually maintained

(a) Amount in cash deposited with the Reserve Bank by a banking company incorporated outside India under Section 11(2) of the Banking Regulation Act, 1949

(b) Cash in hand or in the case of a non-scheduled bank, excess of IX over VIII, if any, shown against X above

<p>(c) Excess balance with the Reserve Bank, if any shown against XII (c) above</p> <p>(d) Net balance in current account maintained by a scheduled bank = VI above</p> <p>(e) Balances maintained by a Regional Rural Bank in call or fixed deposit with its Sponsor Bank</p> <p>(f) Gold valued at a price not exceeding the current market price</p> <p>(g) Unencumbered approved securities valued on the basis of the method of valuation determined by the Reserve Bank</p> <p>(h) Approved securities deposited with the Reserve Bank by a banking company incorporated outside India under section 11 (2) of the Banking Regulation Act, 1949, valued on the basis of the method of valuation determined by the Reserve Bank</p> <p>Total of (a) to (h)</p> <p>XIV. XIII-XI (Excess+, deficit-)</p>	
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Dated

Signature

Note: For the purposes of this return, the expressions "Banking System" shall mean the State Bank of India, corresponding new banks, Regional Rural Banks, other banking companies, co-operative banks and financial institutions notified by the Central Government under clause (d) of the Explanation to section 18 of the Banking Regulation Act, 1949.

@ Give dates (where Friday is a public holiday under the Negotiable Instruments Act, 1881 (26 of 1881), give the date as on the preceding working day).