



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2021-22/72

DOR.CRE.REC.No.33/13.03.00/2021-22

July 23, 2021

All Scheduled Commercial Banks (excluding RRBs)

All Small Finance Banks

All Local Area Banks

Madam / Dear Sir,

Loans and Advances – Regulatory Restrictions

Please refer to paragraphs 2.2.1.2, 2.2.1.4 and paragraph 2.2.1.5 of [Master Circular on Loans and Advances - Statutory and Other Restrictions dated July 01, 2015](#).

2. On a review, it has been decided that

i) For personal loans granted to any director of other banks, the threshold of Rupees twenty-five lakh, as mentioned in para 2.2.1.2, stands revised to Rupees five crore.

ii) Paragraph 2.2.1.4 has been revised as under –

Unless sanctioned by the Board of Directors/Management Committee, banks should not grant loans and advances aggregating Rupees five crore and above to -

(a) any relative other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children of their own Chairmen/Managing Directors or other Directors;

(b) any relative other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children of the Chairman/Managing Director or other directors of other banks*;

(c) any firm in which any of the relatives other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children as mentioned in (a) & (b) above is interested as a partner or guarantor; and

(d) any company in which any of the relatives other than spouse (spouse as specified in para 2.2.1.3 above) and minor / dependent children as mentioned in (a) & (b) above is interested as a major shareholder or as a director or as a guarantor or is in control.

विनियमन विभाग, केंद्रीय कार्यालय, 2री मंजिल, मुख्य कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400 001

टेलीफोन: +91-22-22709038, ईमेल: cgmcdor@rbi.org.in

Department of Regulation, Central Office, 2nd Floor, Main Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001

Tel No: +91-22-22709038, Email : cgmcdor@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाइये।

Provided that a relative of a director shall also be deemed to be interested in a company, being the subsidiary or holding company, if he/she is a major shareholder or is in control of the respective holding or subsidiary company.

*including directors of Scheduled Co-operative Banks, directors of subsidiaries/trustees of mutual funds/venture capital funds.

iii) Paragraph 2.2.1.5 has been revised as under -

The proposals for credit facilities of an amount less than Rupees twenty-five lakh or Rupees five crores (as the case may be) to these borrowers may be sanctioned by the appropriate authority in the financing bank under powers vested in such authority, but the matter should be reported to the Board.

Explanation : For the purpose of this circular:

- i) The term “personal loan” shall have the meaning assigned to it in the [circular DBR.No.BP.BC.99/08.13.100/2017-18 dated January 04, 2018](#) on XBRL Returns – Harmonization of Banking Statistics.
- ii) The term “major shareholder” shall mean a person holding 10% or more of the paid-up share capital or five crore rupees in paid-up shares, whichever is less.
- iii) The term “control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in another manner.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager