



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2021-22/23

DOR.ACC.REC.7/21.02.067/2021-22

April 22, 2021

All Commercial Banks and Cooperative Banks,

Madam / Sir,

Declaration of dividends by banks

Please refer to our [circular DOR.BP.BC.No.29/21.02.067/2020-21 dated December 4, 2020](#), and other associated circulars on the captioned subject.

2. In view of the continuing uncertainty caused by the ongoing second wave of COVID-19 in the country, it is crucial that banks remain resilient and proactively raise and conserve capital as a bulwark against unexpected losses. Therefore, while allowing banks to pay dividend on equity shares, it has been decided to review the dividend declaration norms for the year ended March 31, 2021 as below.

Commercial Banks

3. In partial modification of the instructions contained in [circular DBOD.NO.BP.BC.88/21.02.067/2004-05 dated May 4, 2005](#), banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in paragraph 4 of the said circular. Other instructions in the [circular dated May 4, 2005](#) shall remain unchanged.

Cooperative Banks

4. Cooperative banks shall be permitted to pay dividend on equity shares from the profits of the financial year ended March 31, 2021 as per the extant instructions.

वित्तियमन विभाग, केंद्रीय कार्यालय, 12 वीं और 13 वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001
दूरभाष: 022-22601000 फैक्स: 022-22705691 ई-मेल: cgmicdor@rbi.org.in

Department of Regulation, Central Office, 12th and 13th Floor, Central Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai- 400 001
Tel: 022- 2260 1000 Fax: 022-2270 5691 email: cgmicdor@rbi.org.in

हिंदी आसान है इसका प्रयोग बढ़ाइए



General

5. All banks shall continue to meet the applicable minimum regulatory capital requirements after dividend payment. While declaring dividend on equity shares, it shall be the responsibility of the Board of Directors to *inter-alia* consider the current and projected capital position of the bank vis-à-vis the applicable capital requirements and the adequacy of provisions, taking into account the economic environment and the outlook for profitability.

Yours faithfully,

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(Usha Janakiraman)
Chief General Manager