



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



RBI/2024-25/127

DOR.ACC.REC.No.67/21.04.018/2024-25

March 20, 2025

Madam / Sir,

**Amortisation of additional pension liability- Implementation of Pension Scheme in Regional Rural Banks with effect from November 1, 1993-Prudential Regulatory Treatment**

In terms of NABARD circular NB.DoS.Pol.HO/2533/J-1/2019-20 dated December 12, 2019, Regional Rural Banks (RRBs) were earlier permitted to amortise their pension liability on account of RRB (Employee) Pension Scheme 2018 over a period of five years, beginning with financial year ending March 31, 2019. RRBs are now required to implement the pension scheme with effect from November 1, 1993. However, in view of the difficulties expressed in absorbing the increased liability in a single year, it has been decided that RRBs may take the following course of action in the matter:

- The liability on account of applicability of pension scheme shall be fully recognised as per the applicable accounting standards.
- The expenditure, on account of revision in the pension, may, if not fully charged to the Profit and Loss Account during the financial year 2024-25, be amortised over a period not exceeding five years beginning with the financial year ending March 31, 2025, subject to a minimum of 20 per cent of the total pension liability involved being expensed every year.
- Appropriate disclosure of the accounting policy followed in this regard shall be made in the 'Notes to Accounts' to the financial statements. Banks shall also disclose the amount of unamortised expenditure and the consequential net profit if the unamortised expenditure had been fully recognised in the Profit & Loss Account.

विनियमन 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: [cgmicro@rbi.org.in](mailto:cgmicro@rbi.org.in)

Department of Regulation, Central Office, 12<sup>th</sup> and 13<sup>th</sup> Floor, Central Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai- 400 001  
Tel: 022- 2260 1000 Fax: 022-2270 5691 email: [cgmicro@rbi.org.in](mailto:cgmicro@rbi.org.in)

हिंदी आसान है इसका प्रयोग बढ़ाइए

- d) Pension related unamortised expenditure would not be reduced from Tier 1 Capital of the RRBs.

**Applicability**

- 2. This circular is applicable to all the RRBs with effect from financial year 2024-25.
- 3. The [Reserve Bank of India \(Financial Statements-Presentation and Disclosures\) Directions, 2021](#) shall be updated suitably to reflect these changes.

Yours faithfully,

(Usha Janakiraman)  
Chief General Manager -in-Charge