प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, फोर्ट, मुंबई-400001
Department of Communication, Central Office, S.B.S.Marg, Fort, Mumbai-400001
फोन/Phone: 022- 22660502

Azadi Ka Amrit Mahotsav

April 8, 2022

Statement on Developmental and Regulatory Policies

This Statement sets out various developmental and regulatory policy measures relating to (i) liquidity measures; (ii) regulation and supervision; and (iii) payment and settlement systems.

I. Liquidity Measures

1. Introduction of the Standing Deposit Facility

In 2018, the amended Section 17 of the RBI Act empowered the Reserve Bank to introduce the Standing Deposit Facility (SDF) – an additional tool for absorbing liquidity without any collateral. By removing the binding collateral constraint on the RBI, the SDF strengthens the operating framework of monetary policy. The SDF is also a financial stability tool in addition to its role in liquidity management.

Accordingly, it has been decided to institute the SDF with an interest rate of 3.75 per cent with immediate effect. The SDF will replace the fixed rate reverse repo (FRRR) as the floor of the LAF corridor. Both the standing facilities *viz*., the MSF and the SDF will be available on all days of the week, throughout the year.

The fixed rate reverse repo (FRRR) rate is retained at 3.35 per cent. It will remain as part of the RBI's toolkit and its operation will be at the discretion of the RBI for purposes specified from time to time. The FRRR along with the SDF will impart flexibility to the RBI's liquidity management framework.

2. Restoration of the Symmetric LAF Corridor

In 2020 during the pandemic, the width of the LAF corridor was widened to 90 basis points (bps) by asymmetric adjustments in the reverse repo rate *vis-à-vis* the policy repo rate. With a view to fully restore the pre-pandemic liquidity management framework of February 2020 and in view of the gradual return to normalcy in financial markets, it has now been decided to restore the width of the LAF corridor to its pre-pandemic level. With the introduction of the SDF at 3.75 per cent, the policy repo rate being at 4.00 per cent and the MSF rate at 4.25 per cent, the width of the LAF corridor is restored to its pre-pandemic configuration of 50 bps. Thus, the LAF corridor will be symmetric around the policy repo rate with the MSF rate as the ceiling and the SDF rate as the floor with immediate effect.

II. Regulation and Supervision

3. Individual Housing Loans – Rationalisation of Risk Weights

The Reserve Bank vide circular dated October 12, 2020 had rationalised the risk weights for individual housing loans by linking them only with loan to value (LTV) ratios for all new housing loans sanctioned up to March 31, 2022. Recognising the importance of the housing sector, its multiplier effects and its role in supporting the overall credit growth, it has been decided that the risk weights as prescribed in the circular ibid shall continue for all new housing loans sanctioned up to March 31, 2023.

4. SLR Holdings in HTM category

The Reserve Bank had increased the limits under Held to Maturity (HTM) category from 19.5 per cent to 22 per cent of net demand and time liabilities (NDTL) in respect of statutory liquidity ratio (SLR) eligible securities acquired on or after September 1, 2020, up to March 31, 2022. This dispensation of enhancement in HTM limit was made available up to March 31, 2023. With a view to enable banks to better manage their investment portfolio in FY 2022-23, it has now been decided to enhance the limit for inclusion of SLR eligible securities in the HTM category to 23 per cent of NDTL and allow the banks to include securities acquired between April 1, 2022 and March 31, 2023 under the enhanced limit of 23 per cent. The HTM limits would be restored from 23 per cent to 19.5 per cent in a phased manner starting from the quarter ending June 30, 2023.

5. Discussion Paper on Climate Risk and Sustainable Finance

Climate change may result in physical and transition risks that could have implications for the safety and soundness of individual Regulated Entities (REs) as well as financial stability. Thus, there is a need for REs to develop and implement a sound process for understanding and assessing the potential impact of climate-related financial risks in their business strategy and operations. This would require, among other things, an appropriate governance structure and a strategic framework to effectively manage and address these risks. Further, some regulatory initiatives in the area of climate risk and sustainable finance would also help the REs to better handle climate risk and guide them in the transition period. A Discussion Paper on Climate Risk and Sustainable Finance covering the above aspects will be placed shortly on the RBI's website for comments of stakeholders.

6. Committee for Review of Customer Service Standards in RBI Regulated Entities

RBI has progressively taken a number of measures, including laying down an elaborate regulatory framework on customer service and internal grievance redress at regulated entities (REs) as also putting in place the Ombudsman framework as far back as 1995, to ensure overarching protection for the customers of its REs. Regulatory instructions are issued to REs based on the conditions prevailing in the financial system, findings of conduct supervision, analysis of complaints received, and recommendations received from various Committees set up for this purpose. The important committees set up by RBI on customer service over the years include (i) Talwar Committee on Customer Service (1975), (ii) Goiporia Committee (1990), (iii) Tarapore Committee on Procedures and Performance Audit on Public Services (CPPAPS, 2004) and (iv) Damodaran Committee on Customer Service (2010).

The financial landscape is undergoing a revolutionary transformation consequent to the rising customer base of the banks, advent of digital products, technology platforms and service providers as also the rising volumes of digital transactions emerging from innovations in payment systems. Accordingly, it is proposed to set up a committee to examine and review the state of customer service in the REs and adequacy of customer service regulations and suggest measure to improve the same.

III. Payment and Settlement Systems

7. Interoperable Card-less Cash Withdrawal (ICCW) at ATMs

Card-less cash withdrawal through ATMs is a permitted mode of transaction offered by a few banks in the country on an on-us basis (for their customers at their own ATMs). The absence of need for a card to initiate cash withdrawal transactions would help in containing frauds like skimming, card cloning, device tampering, etc. To encourage card-less cash withdrawal facility across all banks and all ATM networks / operators, it is proposed to enable customer authorisation through the use of Unified Payments Interface (UPI) while settlement of such transactions would happen through the ATM networks. Separate instructions would be issued to NPCI, ATM networks and banks shortly.

8. Bharat Bill Payment System – Rationalisation of Net-worth Requirement for Operating Units

Bharat Bill Payment System (BBPS) is an interoperable platform for bill payments and the scope and coverage of BBPS extends to all categories of billers who raise recurring bills. Users of BBPS enjoy benefits like standardised bill payment experience, centralised customer grievance redressal mechanism, prescribed customer convenience fee, etc. BBPS has seen an increase in the volume of transactions as well as number of onboarded billers.

It is observed that there has not been a corresponding growth in the number of non-bank Bharat Bill Payment Operating Units (BBPOUs). The current requirement of net worth for a non-bank BBPOU to obtain authorisation is ₹100 crore and it is viewed as a constraint to greater participation. It is, therefore, proposed to align the net worth requirement of non-bank BBPOUs with that of other non–bank participants who handle customer funds (like Payment Aggregators) and have a similar risk profile. Accordingly, the net worth requirement for non-bank BBPOUs is being reduced to ₹25 crore. The necessary amendment to regulations will be carried out shortly.

9. Cyber Resilience and Payment Security Controls of Payment System Operators (PSOs)

Payment systems play a catalytic role in promoting financial stability and facilitating financial inclusion. Maintaining the safety and security of these systems is a key objective of RBI. With greater adoption of digital payment modes, it is important to ensure that payment system infrastructures are not only efficient and effective but also resilient to conventional and emerging risks, specifically those relating to cyber security. RBI has prescribed the necessary security controls for digital payment products and services offered by banks and credit card issuing NBFCs. It is proposed to issue similar directions for Payment System Operators (PSOs), covering robust governance mechanism for identification, assessment, monitoring and management of cybersecurity risks including information security risks and vulnerabilities, and specify baseline security measures for ensuring safe and secure digital payment transactions. The directions will be issued shortly.

(Yogesh Dayal)
Chief General Manager

Press Release: 2022-2023/39