

MONETARY POLICY STATEMENT  
(AUGUST 6~8) 2024~25

Statement on Developmental and Regulatory Policies



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This Statement sets out various developmental and regulatory policy measures relating to (i) Regulations; and (ii) Payment Systems.

### **I. Regulations**

#### **1. Public Repository of Digital Lending Apps**

Guidelines on Digital Lending addressing protection of customers interest, data privacy, concerns on interest rates and recovery practices, mis-selling, etc. were issued on September 02, 2022. However, media reports have highlighted continued presence of unscrupulous players in digital lending who falsely claim their association with RBI regulated entities (REs). Accordingly, to aid the customers in verifying the claim of Digital Lending App's (DLAs) association with REs, Reserve Bank is creating a public repository of DLAs deployed by the REs which will be available on RBI's website. The repository will be based on data submitted by the REs (without any intervention by RBI) directly to the repository and will get updated as and when the REs report the details, *i.e.*, addition of new DLAs or deletion of any existing DLA. Detailed instructions in this regard shall be issued shortly.

#### **2. Frequency of Reporting of Credit Information to Credit Information Companies**

At present credit institutions (CIs) are required to report the credit information of their borrowers to credit information companies (CICs) at monthly or such shorter intervals as mutually agreed between the CI and CIC. With a view to provide a more up-to-date picture of a borrower's indebtedness, it has been decided to increase the frequency of reporting of credit information to CICs from monthly intervals to fortnightly basis or at such shorter intervals as mutually agreed between the CI and CIC. The

fortnightly reporting frequency would ensure that credit information reports provided by CICs reflect a more recent information. This will be beneficial to both borrowers and lenders (CIs). Borrowers will have the benefit of faster updation of information, especially when they have repaid the loans. Lenders will be able to make better risk assessment of borrowers and also reduce the risk of over-leveraging by borrowers. Necessary instructions will be issued shortly.

### **II. Payment Systems**

#### **3. Enhancing Transaction Limits for Tax Payments through UPI**

UPI has become the most-preferred mode of payments, due to its seamless features. Currently, the transaction limit for UPI is capped at ₹1 lakh. Based on the various use-cases, the Reserve Bank has periodically reviewed and enhanced the limits for a few categories like capital markets, IPO subscriptions, loan collections, insurance, medical and educational services *etc.*

As direct and indirect tax payments are common, regular and high value, it has been decided to enhance the limit for tax payments through UPI from ₹1 lakh to ₹5 lakh per transaction. Necessary instructions will be issued separately.

#### **4. Introduction of Delegated Payments through UPI**

The Unified Payments Interface (UPI) has a very large user base of 424 million individuals. There is, however, potential for further expansion of the user base.

It is proposed to introduce "Delegated Payments" in UPI. "Delegated Payments" would allow an individual (primary user) to set a UPI transaction limit for another individual (secondary user) on the primary user's bank account. This product is expected to add to the reach and usage of digital payments across the country. Detailed instructions will be issued shortly.

**5. Continuous Clearing of Cheques under Cheque Truncation System (CTS)**

Cheque Truncation System (CTS) currently processes cheques with a clearing cycle of up to two working days. To improve the efficiency of cheque clearing and reduce settlement risk for participants, and to enhance customer experience, it is proposed

to transition CTS from the current approach of batch processing to continuous clearing with 'on-realisation-settlement'. Cheques will be scanned, presented, and passed in a few hours and on a continuous basis during business hours. The clearing cycle will reduce from the present T+1 days to a few hours. Detailed guidelines in this regard shall be issued shortly.