

MONETARY & CREDIT INFORMATION REVIEW

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MCIR



I. Regulation

Domestic Systemically Important Banks (D-SIBs)

The Reserve Bank on January 2, 2023 released the list of Domestic Systemically Important Banks (D-SIBs). State Bank of India, ICICI Bank, and HDFC Bank continue to be identified as D-SIBs, under the same bucketing structure as in the 2021 list of D-SIBs. The additional Common Equity Tier 1 (CET1) requirement for D-SIBs was phased-in from April 1, 2016 and became fully effective from April 1, 2019. The additional CET1 requirement as a percentage of Risk Weighted Assets (RWAs) for State Bank of India is 0.60 per cent while for ICICI Bank and HDFC Bank, the RWA is 0.20 per cent each. To read more, please click [here](#).

'On tap' Licensing of Universal Banks

The Reserve Bank on January 4, 2023 released that during the quarter ended December 31, 2022, it has received one application under the guidelines for 'on tap' Licensing of Universal Banks in the Private Sector from Annapurna Finance Private Limited, Bhubaneswar. To read more, please click [here](#).

Periodic Updation of KYC

The Reserve Bank on January 5, 2023 rationalised KYC related instructions taking into account the available technological options for enhancing customers' convenience within the framework prescribed under the Prevention of Money Laundering Act, 2002 (PMLA) and rules framed thereunder.

As per the present guidelines, a self-declaration to that effect from an individual customer is sufficient to complete the re-KYC process, if there is no change in KYC information. The banks have been advised to provide facility of such self-declaration to the individual customers through various non-face-to-face channels such as registered email-id, registered mobile number, ATMs, digital channels (such as online banking/internet banking, mobile application), letter, etc., without need for a visit to bank branch. Further, if there is only a change in address, customers can furnish revised/updated address through any of these channels after which, the bank would undertake verification of the declared address within two months. To read more, please click [here](#).

Basel III Capital Regulations

The Reserve Bank on January 9, 2023 advised the banks to use the ratings of the below mentioned credit rating agencies for risk weighting their claims for capital adequacy purposes;

- i) Acuite Ratings and Research Limited (Acuite);
- ii) Credit Analysis and Research Limited (CARE);
- iii) CRISIL Ratings Limited;
- iv) ICRA Limited;
- v) India Ratings and Research Private Limited (India Ratings); and
- vi) INFOMERICS Valuation and Rating Private Limited (INFOMERICS).

Regulated Entities/Market Participants were advised that in respect of ratings/credit evaluations required in terms of any guidelines issued by the Reserve Bank, no fresh ratings/evaluations shall be obtained from Brickwork Ratings India Private Limited. To read more, please click [here](#).

Cancellation of Certificate of Registration

The Reserve Bank on January 11, 2023 in exercise of powers conferred on it under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has cancelled the Certificate of Registration (CoR) of 10 Non-Banking Financial Companies (NBFCs) as these companies have surrendered the CoR granted to them by the Reserve Bank.

Further, one Asset Reconstruction Company (ARC) surrendered the CoR granted to them by the Reserve Bank. The RBI, in exercise of powers conferred on it under Section 4(1) of the SARFAESI Act, 2002, therefore cancelled the CoR. To read more, please click [here](#).

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Note from the Editor

Welcome to another edition of the Monetary and Credit Information Review (MCIR). This monthly periodical of the Reserve Bank helps keep abreast with new developments and important policy initiatives taken by the Reserve Bank during the month of January 2023 in the world of money and credit. MCIR can be accessed at <https://mcir.rbi.org.in> as well as by scanning the QR code.

Through this communication tool, we aim to share information, educate, and stay in touch while ensuring factual accuracy and consistency in disseminating the information.

We welcome your feedback at mcir@rbi.org.in

Yogesh Dayal
Editor

Liberalised Remittance Scheme

The Reserve Bank on January 23, 2023 directed SBM Bank India Ltd. (a subsidiary of the State Bank of Mauritius) to stop, with immediate effect, all transactions under Liberalised Remittance Scheme (LRS) till further orders. The order was based on certain material supervisory concerns observed in the bank.

However, the bank has initiated corrective actions and made submission for relaxation of the restrictions. Based on the submission and also to provide relief to the affected customers of the bank, the Reserve Bank on January 31, 2023 decided to partially relax the restrictions by allowing ATM/POS transactions under LRS through KYC compliant internationally active debit cards issued by the bank up to March 15, 2023 or until further orders, whichever is earlier. To read more, please click [here](#).

Safe Deposit Locker/Safe Custody Article Facility

The Reserve Bank on January 23, 2023 has decided to extend the deadline for banks to complete the process of renewal of agreements for the existing safe deposit locker/safe custody article facility in a phased manner by December 31, 2023, with intermediate milestones of 50 per cent by June 30, 2023, and 75 per cent by September 30, 2023. The earlier deadline was January 1, 2023. The Reserve Bank further advised the banks to make necessary arrangements to facilitate execution of the revised agreements by ensuring the availability of stamp papers. To read more, please click [here](#).

Securitisation of Stressed Assets Framework

The Reserve Bank on January 25, 2023 as part of 'Statement on Developmental and Regulatory Policies dated September 30, 2022' released a discussion paper on Securitisation of Stressed Assets Framework (SSAF) inviting comments from stakeholders.

The Discussion paper broadly covers nine relevant areas of the framework including asset universe, asset eligibility, minimum risk retention, regulatory framework for special purpose entity and resolution manager, access to finance for resolution manager, capital treatment, due diligence, credit enhancement, and valuation. It draws upon similar frameworks introduced in other jurisdictions, while trying to keep it structurally aligned with the framework for securitisation of standard assets. To read more, please click [here](#).

Appointment

The Reserve Bank on January 31, 2023 appointed Shri V. Ramachandra as a member in the Advisory Committee of Srei Infrastructure Finance Limited (SIFL) and Srei Equipment Finance Limited (SEFL) to advise the Administrator in the operations of the financial service providers during the corporate insolvency resolution process. To read more, please click [here](#).

II. Payment and Settlement System

Regulatory Sandbox

The Reserve Bank on January 5, 2023 announced the opening of the fourth cohort under Regulatory Sandbox for theme 'Prevention and Mitigation of Financial Frauds'. Out of the nine applications received, the Bank selected

applications for the 'Test Phase'. The entities, viz., i) Bahwan Cybertek Private Limited; ii) Crediwatch Information Analytics Private Limited; iii) enStage Software Private Limited (Wibmo); iv) HSBC in collaboration with enStage Software Private Limited (Wibmo); v) napID Cybersec Private Limited; and vi) Trusting Social Private Limited shall commence testing of their products from February 2023. To read more, please click [here](#).

Digital Payments Index

The Reserve Bank on January 31, 2023 announced Reserve Bank of India – Digital Payments Index (RBI-DPI) for the month of September, 2022. The index for September 2022 stands at 377.46 as against 349.30 for March 2022. To read more, please click [here](#).

III. Financial Markets

Fully Accessible Route

The Reserve Bank on January 23, 2023 issued the issuance calendar for Sovereign Green Bonds for the fiscal year 2022-23. Attention is also invited to the Fully Accessible Route (FAR) introduced by the Reserve Bank, wherein certain specified categories of Central Government securities were opened fully for non-resident investors without any restrictions, apart from being available to domestic investors as well. It has now been decided to also designate all Sovereign Green Bonds issued by the Government in the fiscal year 2022-23 as 'specified securities' under the FAR. To read more, please click [here](#).

IV. Banker to Government

Calendar for Sovereign Green Bonds

The Reserve Bank on January 6, 2023 notified that, Government of India, as part of its overall market borrowings, will be issuing Sovereign Green Bonds (SGRBs), for mobilising resources for green infrastructure. Further, the Reserve Bank, in consultation with Gol, notified an indicative calendar for issuance of SGRBs for the fiscal year 2022-23.

S. No.	Date of Auction	Amount in (₹ Crore)	Security-wise Allocation
1	January 25, 2023	8000	i) 05 Year SGrB for ₹4,000 crore ii) 10 Year SGrB for ₹4,000 crore
2	February 09, 2023	8000	i) 05 Year SGrB for ₹4,000 crore ii) 10 Year SGrB for ₹4,000 crore

To read more, please click [here](#).

Price/Yield Range Setting in e-Kuber

The Reserve Bank on January 11, 2023 advised the participants in the government securities market to utilise the 'Price/Yield range setting' facility on the e-Kuber platform before placing bids in the primary market auctions. This facility is provided to the market participants as a risk management measure. This allows a market participant to define a range for the bids. The range can be set in either price or yield terms, for each security in every auction, which can be set before the auction and can also be modified during the auction. To read more, please click [here](#).

V. Foreign Exchange Management

Rationalisation of Reporting

The Reserve Bank on January 4, 2023 advised all Category-I Authorised Dealer (AD) banks about the following changes with respect to the reporting of foreign investment in 'Single Master Form (SMF)' on FIRMS Portal;

i) The forms submitted on the portal will be auto-acknowledged. The AD banks shall verify the same within five working days based on the uploaded documents, as specified.

ii) In cases of delayed reporting, the AD banks shall either advise the Late Submission Fee (LSF) to the applicants, which will be computed by the system or advise for compounding of contravention, as the case may be. To read more, please click [here](#).

VI. Research

Financial Literacy and Financial Inclusion: A Case Study of Mizoram

The Reserve Bank on January 17, 2023 released the Development Research Group (DRG) study titled, 'Determinants of Financial Literacy and Financial Inclusion in North-Eastern Region of India: A Case Study of Mizoram'.

The study evaluates the determinants of financial inclusion and financial literacy in the under-banked North-Eastern region of India based on primary data collected through a survey in the State of Mizoram. A total of 523 respondents were selected from eight blocks covering four districts of Mizoram. To read more, please click [here](#).

Services and Infrastructure Outlook Survey

The Reserve Bank on January 18, 2023 launched the 36th round of quarterly Services and Infrastructure Outlook Survey (SIOS) for the reference period January-March 2023. The survey assesses the business situation for the current quarter (Q4:2022-23) from selected companies in the services and infrastructure sectors in India and their expectations for the ensuing quarter (Q1:2023-24) based on qualitative responses on a set of indicators pertaining to demand conditions, financial conditions, employment conditions and the price situation. An additional block on key parameters captures the outlook of the services and infrastructure companies for two subsequent quarters (Q2:2023-24 and Q3:2023-24). To read more, please click [here](#).

Industrial Outlook Survey

The Reserve Bank on January 18, 2023 has launched the 101st round of the quarterly Industrial Outlook Survey (IOS) of the Indian manufacturing sector for the reference period January-March 2023. The survey assesses business sentiment for the current quarter (Q4:2022-23) and expectations for the ensuing quarter (Q1:2023-24), based on qualitative responses on a set of indicators pertaining to demand conditions, financial conditions, employment conditions and the price situation. The survey provides useful insight into the performance of the manufacturing sector. To read more, please click [here](#).

VII. RBI Publications

State Finances: A Study of Budgets

The Reserve Bank on January 16, 2023 released a report titled 'State Finances: A Study of Budgets of 2022-23', an annual publication that provides information, analysis and an assessment of the finances of State governments for 2022-23 against the backdrop of actual and revised/provisional accounts for 2020-21 and 2021-22, respectively. The theme of this year's Report is 'Capital Formation in India - The Role of States'.

Highlights:

i) The fiscal health of the States has improved from a sharp pandemic-induced deterioration in 2020-21 on the back of a broad-based economic recovery and resulting high revenue collections - States' gross fiscal deficit (GFD) is budgeted to decline from 4.1 per cent of gross domestic product (GDP) in 2020-21 to 3.4 per cent in 2022-23.

ii) While States' debt is budgeted to ease to 29.5 per cent of GDP in 2022-23 as against 31.1 per cent in 2020-21, it is still higher than 20 per cent recommended by FRBM Review Committee, 2018 (Chairman: Shri N. K. Singh), warranting prioritisation of debt consolidation.

iii) In 2022-23, States have budgeted higher capital outlay than in 2019-20, 2020-21 and 2021-22. Going forward, increased allocations for sectors like health, education, infrastructure and green energy transition can help expand productive capacities if States mainstream capital planning rather than treating them as residuals and first stops for cutbacks in order to meet budgetary targets.

iv) It is worthwhile to consider creating a capex buffer fund during good times when revenue flows are strong so as to smoothen and maintain expenditure quality and flows through the economic cycle.

v) To crowd in private investment, the State governments may continue to focus on creating a congenial ecosystem for the private sector to thrive. States also need to encourage and facilitate higher inter-state trade and businesses to realise the full benefit of spillover effects of State capex across the country. To read more, please click [here](#).

Primary (Urban) Co-operative Banks' Outlook

The Reserve Bank on January 18, 2023 released the 9th volume of the annual publication titled 'Primary (Urban) Co-operative Banks' Outlook 2021-22'. The publication has been brought out by the Department of Supervision.

The publication covers the financial accounts of Scheduled and Non-Scheduled Primary (Urban) Co-operative Banks for the financial year 2021-22. The publication provides aggregate information on major items of balance sheet, profit and loss account, non-performing assets, financial ratios, state-wise distribution of offices and details of priority sector advances. Besides, the publication also provides bank-wise information of Scheduled Primary (Urban) Co-operative Banks on select financial ratios on Capital Adequacy, Profitability, and Employee Productivity. The publication is being brought out in only electronic form on an annual basis on the Reserve Bank's website through the link <https://dbie.rbi.org.in/> of Database on Indian Economy.

Annual Report of OBO

The Reserve Bank on January 4, 2023 released the Annual Report of the Ombudsman Schemes for the period April 1, 2021–March 31, 2022. With the year also marking the launch of Reserve Bank–Integrated Ombudsman Scheme (RB-IOS) on November 12, 2021, the Annual Report covers the activities under the erstwhile Ombudsman Schemes, i.e., Banking Ombudsman Scheme, 2006 (BOS), the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (OSNBFC), and the Ombudsman Scheme for Digital Transactions, 2019 (OSDT) up to November 11, 2021, along with the activities under RB-IOS, 2021 since November 12, 2021. The report also captures major developments during the year and the way forward in the area of consumer protection. Some highlights from the Annual Report are as follows:

□ Activities under the Ombudsman Schemes

- i) The volume of complaints received under the Ombudsman Schemes/Consumer Education and Protection Cells during the year 2021-22 increased by 9.39 per cent over the previous year and stood at 4,18,184 during the reported period;
- ii) 3,04,496 complaints out of the total reported complaints were handled by the 22 Offices of RBI Ombudsman (ORBIOs), including the complaints received under the three erstwhile Ombudsman Schemes till November 11, 2021.
- iii) Since establishment of Centralised Receipt and Processing Center (CRPC) under the RB-IOS, 2021, of the 1,49,419 complaints handled at the CRPC, 1,43,552 complaints had been disposed as at the end of March 31, 2022.
- iv) Complaints relating to the digital modes of payment and transactions were the highest in number, constituting 42.12 per cent of the total complaints received during the year.
- v) The rate of disposal of complaints by RBIOs improved to 97.97 per cent in 2021-22 from 96.59 per cent in 2020-21.
- vi) Majority (63.63 per cent) of the maintainable complaints were resolved through mutual settlement /conciliation /mediation.

□ Important developments during the year 2021-22

During the year, Consumer Education and Protection Department (CEPD) undertook the following initiatives for strengthening the grievance redress system:

- i) The RB-IOS, 2021 was launched on November 12, 2021, by the Prime Minister. The ambit of RB-IOS, 2021 was extended to include non-scheduled Urban Cooperative Banks with deposits of ₹50 Crore and above.
- ii) Under the RB-IOS, 2021, a CRPC was established at RBI, Chandigarh to receive complaints through email or physical mode from across the country and handle the initial scrutiny and processing of these complaints before assigning the maintainable ones to ORBIOs for further redressal. A contact center to assist complainants in lodging their complaints, providing them information regarding redressal mechanism at RBI and awareness messages related to safe banking practices in ten regional

languages (Assamese, Bengali, Gujarati, Kannada, Oriya, Punjabi, Malayalam, Marathi, Tamil and Telugu) apart from Hindi and English, was also setup.

iii) A Nationwide Intensive Awareness programme was launched on the World Consumer Rights Day on March 15, 2022 by the department and ombudsman offices. The RBIOs also conducted 29 town-hall events and 175 awareness programmes during the year.

□ Way forward

During the period April 1, 2022 to March 31, 2023, CEPD will work towards the following action plans:

- i) Review of the guidelines on ‘Strengthening of grievance redress framework for banks’ issued in January 2021.
- ii) Extension of the RB-IOS, 2021 and Internal Ombudsman Scheme to more REs that are not covered presently.
- iii) Enhance the efficiency and ease of usage of CMS and
- iv) Upgrade and expand the Contact Centre. To read more, please click [here](#).

RBI Bulletin, January 2023

The Reserve Bank on January 19, 2023 released the January 2023 issue of its monthly Bulletin. The Bulletin includes three speeches, five articles and current statistics.

The five articles included in the bulletin are;

- i) State of the Economy;
- ii) Productivity Growth in India: An Empirical Assessment;
- iii) What Drives Start-up Fundraising in India?
- iv) Open Market Operations in India–An Appraisal; and
- v) Supply of Banking Services and Credit Offtake: Evidence from Aspirational District Programme in the Eastern Area. To read more, please click [here](#).

VIII. Data Release

Important data released by the Reserve Bank during the month of January 2023 are as follows:

No	Title
1.	India's International Trade in Services for the Month of November 2022
2.	ECB/FCCB/RDB for November 2022
3.	Small Savings
4.	Combined Receipts and Disbursements of the Central and State Governments
5.	Financial Accommodation Availed by State Governments under various Facilities
6.	Investments by State Governments
7.	Market Borrowings of State Governments
8.	i) Flow of Financial Assets and Liabilities of Households - Instrument-wise ii) Stocks of Financial Assets and Liabilities of Households - Select Indicators
9.	SDDS-National Summary Data Page- India
10.	Sectoral Deployment of Bank Credit – December 2022