

MONETARY & CREDIT INFORMATION REVIEW

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MCIR



I. Monetary Policy

Incremental Cash Reserve Ratio (I-CRR): Review

The Reserve Bank on September 8, 2023 discontinued the I-CRR in a phased manner. Based on an assessment of current and evolving liquidity conditions, it has been decided that the amounts impounded under the I-CRR would be released in stages so that system liquidity is not subjected to sudden shocks and money markets function in an orderly manner. The release of funds would be as follows:

Date	Amount to be released (₹ crore)
September 9, 2023	25 per cent of the I-CRR maintained
September 23, 2023	25 per cent of the I-CRR maintained
October 7, 2023	50 per cent of the I-CRR maintained

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

II. Regulation

Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023

The Reserve Bank on September 12, 2023 put in place a revised regulatory framework for the investment portfolio. The revised framework updates the regulatory guidelines with global standards and best practices while introducing a symmetric treatment of fair value gains and losses, a clearly identifiable trading book under Held for Trading (HFT), removing the 90-day ceiling on holding period under HFT, removal of ceilings on Held to Maturity and more detailed disclosures on the investment portfolio. Further, to facilitate smooth implementation, illustrative guidance has been developed on the revised framework and annexed to the Directions.

The revised framework as detailed in the Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2023 shall be applicable from April 1, 2024, to all Commercial Banks excluding Regional Rural Banks. To read more, please click [here](#).

Certificate of Registration

The Reserve Bank on September 12, 2023 in exercise of powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has cancelled the Certificate of Registration (CoR) of one Non-Banking Financial Company (NBFC).

Further, on September 12, 2023, eight NBFCs and one Asset Reconstruction Company (ARC) surrendered CoRs granted to them by the Reserve Bank of India. The Reserve Bank, in exercise of powers conferred on it under Section 45-IA (6) of the Reserve Bank of India Act, 1934 and section 4 (1) (a) of the SARFAESI Act, 2002, respectively, cancelled their CoR. To read more, please click [here](#).

Responsible Lending Conduct

The Reserve Bank on September 13, 2023 issued directions to banks and other lenders, including non-banking financial companies (NBFCs), housing finance companies and cooperative banks, to release all original movable or immovable property documents within 30 days of full repayment or settlement of personal loans by borrowers.

The Reserve Bank stated that in case of delay, the lenders will have to compensate the borrowers by paying ₹5,000 for each day of delay. The directions, released as part of responsible lending conduct, will be applicable to all cases where release of original property documents is due on or after December 1, 2023. The Bank also stated that in the event of loss of or damage to original property documents, either in part or in full, the

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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 September 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

Meeting of Central Board

The 603rd meeting of the Central Board of Directors of Reserve Bank of India was held on September 1, 2023 in Indore under the Chairmanship of Shri Shaktikanta Das, Governor. The Board in its meeting reviewed the global and domestic economic situation and associated challenges including the impact of current global geopolitical developments. The Board also discussed various areas of operations of the Reserve Bank of India including the functioning of Local Boards and activities of select Central Office Departments.

Deputy Governors Dr. Michael Debabrata Patra, Shri M. Rajeshwar Rao, Shri T. Rabi Sankar, Shri Swaminathan J. and other Directors of the Central Board Shri S. Gurumurthy, Smt. Revathy Iyer, Prof. Sachin Chaturvedi, Shri Anand Gopal Mahindra, Shri Pankaj Ramanbhai Patel and Dr. Ravindra H. Dholakia attended the meeting. Shri Ajay Seth, Secretary, Department of Economic Affairs and Dr. Vivek Joshi, Secretary, Department of Financial Services also attended the meeting.

lender will have to assist the borrower in obtaining duplicate or certified copies of the documents and will have to bear the associated costs. This cost will be in addition to the daily compensation of ₹5,000 for each day of delay. However, in such cases, an additional time of 30 days will be available to the lender to complete this procedure, and the penalty for delay will be calculated thereafter, that is, after a total period of 60 days. To read more, please click [here](#).

Data Quality Index

The Reserve Bank on September 20, 2023 directed the Credit Information Companies (CICs) to prepare data quality index (DQI) for commercial and microfinance segments. In June 2014, RBI issued directions for setting out a common DQI for assessing the quality of data submissions by Credit Institutions (CIs) to CICs, and improving them over a period of time.

Further, CIs were advised to take corrective steps on issues. Additionally, a report on the issues shall be placed before its top management by each CI for review within two months from the end of that half year. To read more, please click [here](#).

NBFCs in the Upper Layer

The Reserve Bank on September 14, 2023 announced the list of Non-Banking Financial Companies (NBFCs) in the Upper Layer under Scale Based Regulation (SBR) for NBFCs for the year 2023-24

The framework categorises NBFCs in Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer (NBFC-TL) and gives the methodology to identify the NBFCs in the Upper Layer as per their asset size and scoring methodology. Accordingly, the Bank listed 15 NBFCs under NBFC-UL.

Further, the Bank mentioned that in terms of the framework, once an NBFC is classified as NBFC-UL, it shall be subject to enhanced regulatory requirement, at least for a period of five years from its classification in the layer, even in case it does not meet the parametric criteria in the subsequent year/s. To read more, please click [here](#).

Treatment of Wilful Defaulters and Large Defaulters

The Reserve Bank on September 21, 2023 issued draft Master Direction on 'Treatment of Wilful Defaulters and Large Defaulters' for comments from stakeholders and members of the public.

The draft Master Direction expanded the scope for Regulated Entities which can classify borrowers as wilful defaulters, broadens the definition of wilful default, refines the identification process and mandates a review and

finalisation on wilful default aspects within six months of an account being classified as a non-performing asset. It also addresses the treatment of wilful default loans sold to Assets Reconstruction Companies and their status under the Insolvency and Bankruptcy Code. To read more, please click [here](#).

Display of information

The Reserve Bank on September 25, 2023 as a part of the move towards greater transparency, directed the Regulated Entities (REs) of the Reserve Bank which are secured creditors as per the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, shall display information in respect of the borrowers whose secured assets have been taken into possession by the REs under the Act.

Further, the Bank advised the REs to upload the information on their website in a prescribed format. The first such list shall be displayed on the website of REs within six months from the date of this circular, and the list shall be updated on monthly basis. To read more, please click [here](#).

III. Payment and Settlement Systems

Pre-Sanctioned Credit Lines through UPI

The Reserve Bank on September 4, 2023 under the Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) issued directive that in addition to the savings account, overdraft account, prepaid wallets and credit cards, the Unified Payments Interface (UPI) system will also include pre-sanctioned credit lines issued by banks for transactions.

Under this facility, payments through a pre-sanctioned credit line issued by a Scheduled Commercial Bank to individuals, with prior consent of the individual customer, are enabled for transactions using the UPI System. To read more, please click [here](#).

IV. Debt Manager to Government

Floating Rate Bond 2033

The Reserve Bank on September 21, 2023 announced the rate of interest on Government of India Floating Rate Bond 2033 (GOI FRB 2033) applicable for the half year September 22, 2023 to March 21, 2024. As per the announcement, the rate of interest of GOI FRB 2033 shall be 8.25 per cent per annum.

Re-appointment of Deputy Governor

The Central Government has re-appointed Shri M. Rajeshwar Rao as Deputy Governor, Reserve Bank of India for a period of one year with effect from October 9, 2023, or until further orders, whichever is earlier.

The GOI FRB 2033 carries a coupon, which has a base rate equivalent to the average of the Weighted Average Yield of last three auctions (from the rate fixing day, i.e., September 22, 2023) of 182 Day T-Bills, plus a fixed spread (1.22 per cent). To read more, please click [here](#).

WMA Limit

The Reserve Bank on September 26, 2023 in consultation with Government of India decided that the limit for Ways and Means Advances (WMA) for the second half of the financial year 2023-24 (October 2023 to March 2024) will be ₹50,000 crore.

The Bank may trigger fresh floatation of market loans when the Government of India utilises 75 per cent of the WMA limit. Further, the Bank in consultation with the Government of India, retains the flexibility to revise the limit at any time taking into consideration the prevailing circumstances. The interest rate on WMA and Overdraft will be Repo Rate and two percent above the Repo Rate, respectively. To read more, please click [here](#).

Calendar for Auction of GoI T-Bills

The Reserve Bank on September 26, 2023 in consultation with the Government of India (GoI) and after reviewing the cash position of the Central Government notified the calendar for issuance of Treasury Bills for the quarter ending December 2023. The total notified amount for the quarter is ₹3,12,000 crore.

Further, the Bank in consultation with the GoI, will have the flexibility to modify the notified amount and timing for auction of Treasury Bills depending upon the requirements of the Government of India, evolving market conditions and other relevant factors, after giving due notice to the market. Thus, the calendar is subject to change, if circumstances so warrant, including for reasons such as intervening holidays. To read more, please click [here](#).

Calendar for Marketable Dated Securities

The Reserve Bank on September 26, 2023 in consultation with the Government of India (GoI) notified the indicative calendar for issuance of Government dated securities, including Sovereign Green Bonds (SGrB), for the second half of the fiscal year 2023-24 (October 1, 2023 to March 31, 2024). In response to market demand for ultra-long duration securities, the Bank decided to introduce a new dated security of 50 years tenor. The total notified amount is ₹6,55,000 crore. To read more, please click [here](#).

Calendar for Market borrowings

The Reserve Bank on September 27, 2023 in consultation with the State Governments and Union Territories (UTs), announced that the quantum of total market borrowings by the State Governments and UTs for the quarter October–December 2023, is expected to be ₹2,37,263 crore. To read more, please click [here](#).

V. Consumer Education and Protection

Meeting of DG with CSCs of Banks

Shri Swaminathan J., Deputy Governor on September 21, 2023 held a meeting with Heads of the Customer Service Committee of the Board, Managing Directors, Executive Directors, In-Charge of customer service verticals and Principal Nodal Officers of major banks in Mumbai.

The Deputy Governor in his keynote address, while emphasising the pivotal role that customer service plays in fostering trust and confidence in the financial system, stressed that the focus of the Top Management and Customer Service Committees of the Board should be on nurturing a customer-centric approach for continuing the trust of the customer in banking system. The Deputy Governor highlighted five key areas for the Regulated Entities to focus upon, viz., i) need for a customer centric approach, ii) addressing the root cause of complaints, iii) importance of resolution at first point of contact, iv) responsible handling of complaints including equipping front-line staff with authority, tools and training and v) combatting cybercrime. He also emphasised the importance of cultivating a culture of continuous improvement as ensuring quality of customer service is a journey and not a destination. To read more, please click [here](#).

VI. Financial Inclusion and Development

Standing Advisory Committee Meeting

The 28th meeting of the Standing Advisory Committee (SAC) was held under the chairmanship of Shri Swaminathan J., Deputy Governor, Reserve Bank of India on September 29, 2023 in Lucknow to review the flow of credit to Micro, Small and Medium Enterprises (MSME) sector. The meeting was attended by Senior Officials from Ministry of MSME and Department of Financial Services, Ministry of Finance, Government of India, Chairman, SIDBI, Executive Director, RBI, Senior Management of major banks and NABARD, senior executives of Credit Guarantee Fund Trust for Micro and Small Enterprises, National Credit Guarantee Trustee Company Limited, Khadi and Village Industries Commission, Indian Banks' Association and MSME Associations.

The Deputy Governor in his keynote address emphasised the significant role of the MSME sector, particularly in the context of the goal of attaining developed economy status by 2047. He stressed the need for collaborative efforts on the part of all stakeholders to unlock the full potential of MSMEs. Deputy Governor highlighted various initiatives taken by the Reserve Bank such as the Account Aggregator (AA) framework, the digital Public Tech Platform to enable delivery of frictionless credit and the regulatory sandbox on MSME lending. He also dwelt on the important role of Industry Associations in information dissemination and capacity building among MSMEs. To read more, please click [here](#).

All-India Quiz on Financial Literacy

The Reserve Bank as a unique initiative organised an All-India Quiz on Financial Literacy for students of classes VIII, IX and X of government and municipal schools across the country. The multi-level quiz, was initiated at the block levels in all States and Union Territories. The winning teams competed at district and State levels and winners of the State level competitions participated in six zonal rounds held at Chandigarh, Hyderabad, New Delhi, Mumbai, Kolkata and Guwahati on different dates.

The national final of the quiz was held on September 14, 2023 in Mumbai. The winners of the zonal rounds participated in the finals. Shri Aman Gupta and Shri Utkarsh Sudhakar from Dr. Bhim Rao Ambedkar School of Specialised Excellence, New Delhi emerged as the winners.

Shri Rohit Jain and Shri Neeraj Nigam, Executive Directors felicitated the winners and the participating teams. The quiz witnessed participation of 1,03,388 students from 51,694 schools across the country. It generated tremendous enthusiasm amongst the students from government and municipal schools in the area of financial literacy and awareness. To read more, Please click [here](#).

Financial Inclusion Index

The Reserve Bank on September 15, 2023 published the Financial Inclusion Index for the year ending March 2023. The value of FI Index for March 2023 stood at 60.1 vis-à-vis 56.4 in March 2022, with growth witnessed across all sub-indices. Improvement in FI Index was mainly contributed by Usage and Quality dimensions, reflecting deepening of financial inclusion. To read more, please [here](#).

VII. Currency Management

₹2000 Denomination Banknotes

The Reserve Bank on September 30, 2023 published data regarding the withdrawal of ₹2000 denomination banknotes from circulation. According to the data received from banks, of the total value of ₹3.56 lakh crore of ₹2000 banknotes in circulation as on May 19, 2023, ₹3.42 lakh crore has been received back leaving only ₹0.14 lakh crore in circulation as at the close of business on September 29, 2023. Thus, 96 per cent of the ₹2000 banknotes in circulation as on May 19, 2023 has since been returned.

Further, the Bank extended the current arrangement for deposit/exchange of ₹2000 banknotes until October 7, 2023. With effect from October 8, 2023, the procedure for deposit or exchange of ₹2000 banknotes shall be as under:

- The deposit/exchange at bank branches shall be stopped,
- ₹2000 banknotes can continue to be exchanged by individuals/entities at the 19 RBI Issue Offices up to a limit of ₹20,000/- at a time,
- Individuals/Entities can tender ₹2000 banknotes at the 19 RBI Issue Offices for credit to their bank accounts in India for any amount,

iv) Individuals/Entities from within the country can also send ₹2000 banknotes through India Post, addressed to any of the 19 RBI Issue Offices for credit to their bank accounts in India,

v) Such exchange or credit shall be subject to relevant RBI/Government regulations, submission of valid identity documents and due diligence as deemed fit by RBI, and

vi) Courts, law enforcement agencies, government departments or any other public authority involved in investigation proceedings or enforcement, may, as and when required, deposit/exchange ₹2000 banknotes at any of the 19 RBI Issue Offices without any limit.

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

VIII. Publication

Handbook of Statistics on the Indian Economy

The Reserve Bank on September 15, 2023 released its annual publication titled 'Handbook of Statistics on the Indian Economy, 2022-23'. This publication, the 25th in the series, disseminates time series data on major economic and financial indicators relating to the Indian economy. The current volume of the Handbook contains 240 statistical tables. To read more, please click [here](#).

RBI Bulletin

The Reserve Bank on September 18, 2023 released the September 2023 issue of its monthly Bulletin. The Bulletin includes six speeches, five articles and current statistics. The five articles are:

- State of the Economy,
- Fiscal Cost of Reverting to the Old Pension Scheme by the Indian States – An Assessment,
- An Analysis of the Recent Performance of NBFC Sector,
- Inflation and Inflation Expectations: A Distributional Mapping and
- Private Consumption Drivers in India: A Thick Modelling Approach. To read more, please click [here](#).

IX. Data Release

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

S/N	Title
1	India's International Investment Position (IIP), June 2023
2	India's External Debt as at the end of June 2023
3	Sources of Variation in Foreign Exchange Reserves in India during April-June 2023
4	Developments in India's Balance of Payments during the First Quarter (April-June) of 2023-24
5	Lending and Deposit Rates of Scheduled Commercial Banks - September 2023
6	Sectoral Deployment of Bank Credit – August 2023