

**भारतीय रिज़र्व बैंक**
RESERVE BANK OF INDIAवेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

October 6, 2023

Statement on Developmental and Regulatory Policies

This Statement sets out various developmental and regulatory policy measures relating to (i) Regulation (ii) Payments Systems and (iii) Consumer Protection.

I. Regulation**1. Prudential Framework for Income Recognition, Asset Classification and Provisioning pertaining to Advances - Projects Under Implementation**

Project finance is generally characterized by various complexities inter alia including long gestation periods. With a view to strengthen the extant regulatory framework governing the project finance and to harmonise the instructions across all regulated entities, the extant prudential norms for projects under implementation have been reviewed and a comprehensive regulatory framework applicable for all regulated entities is proposed to be issued. Detailed draft guidelines on the above will be issued separately.

2. Credit Concentration Norms – Credit Risk Transfer

The extant guidelines on Large Exposure Framework for Non-Banking Financial Company - Upper Layer (NBFC-UL) permits exposures to the original counterparty to be offset with certain credit risk transfer instruments. However, the extant credit concentration norms for NBFC in the Middle Layer (ML) and Base Layer (BL) do not explicitly envisage any such mechanism. With a view to harmonize the aforesaid norms among NBFCs, it has been decided to permit NBFCs in the ML and BL as well, to offset their exposures with eligible credit risk transfer instruments. The instructions in this regard shall be issued shortly.

3. Gold Loan – Bullet Repayment Scheme – UCBs

UCBs have been permitted an extended glide path for achievement of PSL targets, beyond March 2023. With a view to incentivising UCBs that have met the prescribed PSL targets as on March 31, 2023, it has been decided to increase the monetary ceiling of gold loans that can be granted under the bullet repayment scheme from ₹2.00 lakh to ₹4.00 lakh for such UCBs who have met the overall PSL target and sub targets as on March 31, 2023. These banks will be required to continue to meet the targets and sub-targets thereafter. Detailed guidelines on the matter will be issued separately. Incidentally, in terms of our [circular, DOR.CRE.REC.18/07.10.002/2023-24 dated June 8, 2023](#), granting extension of time for achieving the Priority sector lending targets it was clarified that incentives to UCBs meeting the PSL targets shall be announced separately.

4. Framework for recognition of SROs for Regulated Entities (REs) of Reserve Bank

In view of the potential role of Self-Regulatory Organisations (SROs) in strengthening compliance culture among their members and also providing a consultative platform for policy making, it has been decided to issue an omnibus framework for recognising SROs for various Regulated Entities (REs) of the Reserve Bank. The omnibus SRO framework shall prescribe the broad objectives, functions, eligibility criteria, governance standards, etc., which will be common for all SROs, irrespective of the sector. The Reserve Bank may prescribe sector-specific additional conditions at the time of calling for applications for recognising such SROs. To begin with, a draft of the omnibus framework will be released for stakeholder comments.

II. Payments Systems

5. Payments Infrastructure Development Fund – Extension of Scheme and Inclusion of PM Vishwakarma Scheme beneficiaries

The [Payments Infrastructure Development Fund \(PIDF\) Scheme](#) was operationalised by the Reserve Bank in January 2021 for a period of three years. The objective was to incentivise the deployment of payment acceptance infrastructure such as physical Point of Sale (PoS), Quick Response (QR) codes in tier-3 to tier-6 centres, north eastern states and Union Territories of Jammu & Kashmir and Ladakh. Beneficiaries of PM SVANidhi Scheme in Tier-1 and 2 centres were later included in August 2021. As at end-August 2023, over 2.66 crore new touch points have been deployed under the Scheme. It is now proposed to extend the PIDF Scheme by a further period of two years, i.e., upto December 31, 2025. Also, it is proposed to include beneficiaries of PM Vishwakarma Scheme in all centres under the PIDF Scheme. This decision to expand the targeted beneficiaries under the PIDF scheme will provide fillip to the Reserve Bank's efforts towards promoting digital transactions at the grassroots level.

Further, based on the feedback received from industry, deployment of emerging modes of payment acceptance, such as soundbox devices and Aadhaar-enabled biometric devices, are proposed to be encouraged under the PIDF Scheme. This is expected to further accelerate and augment the deployment of payment acceptance infrastructure in the targeted geographies. The amendments will be notified shortly.

6. Introducing new channels for Card-on-File Tokenisation

RBI introduced [Card-on-File Tokenisation \(CoFT\) in September 2021](#) and began implementation from October 1, 2022. So far, over 56 crore tokens have been created on which transactions with value of over ₹5 lakh crore have been undertaken. Tokenisation has improved transaction security and transaction approval rate. At present, Card-on-File(CoF) token can only be created through merchant's application or webpage. It is now proposed to introduce CoF token creation facilities directly at the issuer bank level. This measure will enhance convenience for cardholders to get tokens created and linked to their existing accounts with various e-commerce applications. Instructions in this regard will be issued separately.

III. Consumer Protection

7. Master Direction on Internal Ombudsman mechanism in Regulated Entities

The Reserve Bank of India, in 2015, introduced an Internal Ombudsman (IO) mechanism in select scheduled commercial banks with the objective to strengthen their Internal Grievance Redress (IGR) system and to ensure efficient and fair resolution of customer complaints by enabling an apex level review within the banks before their rejection. Gradually, the framework has been extended to other regulated entities (REs), viz. select Non-Bank System Participants (non-bank issuers of PPIs), select Non-Banking Financial Companies and all Credit Information Companies.

The guidelines on Internal Ombudsman framework currently in operation for various categories of REs have similar design features but carry certain variations on operational matters. Based on the learnings from the implementation of the extant IO guidelines, it has been decided to harmonise the same and issue a consolidated Master Direction. The Master Direction shall bring uniformity in matters like timeline for escalation of complaints to IOs, exclusions, temporary absence of the Internal Ombudsman, minimum qualifications for appointing an Internal Ombudsman and updation of reporting formats, in addition to introduction of the post of Deputy Internal Ombudsman. These instructions are expected to further strengthen the IO mechanism and in turn, the grievance redress system in REs.

Press Release: 2023-2024/1053

(Yogesh Dayal)
Chief General Manager