

**भारतीय रिज़र्व बैंक
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Statement on Developmental and Regulatory Policies

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

I. Financial Markets**1. Borrowing in Call and Notice Money Markets by Scheduled Commercial Banks**

The extant guidelines on the Call, Notice and Term Money Markets prescribe prudential limits for outstanding borrowing in Call and Notice Money Markets for Scheduled Commercial Banks. With a view to providing greater flexibility for managing the money market borrowings, it has been decided that Scheduled Commercial Banks (excluding Small Finance Banks) can set their own limits for borrowing in Call and Notice Money Markets within the prudential limits for inter-bank liabilities prescribed by the Reserve Bank of India. Necessary directions are being issued today.

II. Regulation**2. Widening of the Scope of Prudential Framework for Stressed Assets**

The [Prudential Framework for Resolution of Stressed Assets dated June 7, 2019](#) provides a broad principle-based framework. With a view to provide further impetus to the same, as well as to harmonise the instructions across all regulated entities, it is proposed to (i) issue a comprehensive regulatory framework governing compromise settlements and technical write-offs covering all regulated entities; and (ii) rationalise the extant prudential norms for implementation of resolution plans in respect of exposures affected by natural calamities, drawing upon the lessons from the resolution frameworks introduced during the Covid19 pandemic. Detailed guidelines on the above will be issued separately.

3. Default Loss Guarantee Arrangement in Digital Lending

While issuing the [Press Release dated August 10, 2022](#) on Implementation of the Recommendations of the Working group on Digital Lending, it was stated that the recommendation pertaining to First Loss Default Guarantee (FLDG) is under examination with the Reserve Bank. Based on extensive consultations with various stakeholders, and in tune with our objective of maintaining a balance between innovation and prudent risk management, it has been decided to put in place a regulatory framework for permitting Default Loss Guarantee arrangements in Digital Lending. Detailed guidelines on the matter will be issued separately.

4. Priority Sector Lending (PSL) Targets for Primary (Urban) Cooperative Banks (UCBs)

The PSL targets for UCBs were revised in 2020. In order to ensure a non-disruptive transition, a glide path was provided till March 31, 2024 to achieve the revised targets. With a view to ease the implementation challenges faced by the UCBs, it has been decided to extend the phase-in time for achievement of the said targets by two years, *i.e.* upto March 31, 2026. Further, suitable incentives shall be provided to UCBs that have met the prescribed targets as on March 31, 2023. Detailed circular on the matter will be issued separately.

5. Rationalisation of Licensing framework for Authorised Persons (Aps) under Foreign Exchange Management Act (FEMA), 1999

The Licensing framework for Authorised Persons (APs) issued under FEMA, 1999 was last reviewed in March 2006. Keeping in view the progressive liberalisation under FEMA, increasing integration of the Indian economy with the global economy, digitisation of payment systems, evolving institutional structure, etc. over the last two decades, it has been decided to rationalise and simplify the licensing framework for APs to effectively meet the emerging requirements of the rapidly growing Indian economy. The objective is to achieve operational efficiency in the delivery of foreign exchange facilities to common persons, tourists and businesses, while maintaining appropriate safeguards. A draft of the revised authorisation framework would be issued for public feedback.

III. Payments Systems

6. Expanding the Scope and Reach of e-RUPI vouchers

The e-RUPI, a digital voucher launched in August 2021, rides on the Unified Payments Interface (UPI) system of National Payments Corporation of India (NPCI). At present,

purpose-specific vouchers are issued by banks on behalf of Central and State Governments and to a limited extent on behalf of corporates. Keeping in view the benefits for users and beneficiaries alike, it is proposed to expand the scope and reach of e-RUPI vouchers by (a) permitting non-bank Prepaid Payment Instrument (PPI) issuers to issue e-RUPI vouchers and (b) enabling issuance of e-RUPI vouchers on behalf of individuals. Other aspects like reloading of vouchers, authentication process, issuance limits, etc., will also be modified to facilitate use of e-RUPI vouchers. Separate instructions will be issued shortly.

7. Streamlining Bharat Bill Payment System processes and membership criteria

Bharat Bill Payment System (BBPS) is an 'anytime anywhere' bill payments platform which is operational since August 2017. Currently, BBPS has onboarded over 20,500 billers and processes over 9.8 crore transactions every month. The scope of BBPS was further expanded in December 2022 to include all categories of payments and collections, both recurring and non-recurring in nature, as well as facilitating in-bound cross-border bill payments. To enhance efficiency of the system and also to encourage greater participation, the process flow of transactions and membership criteria for onboarding operating units in BBPS will be streamlined. Revised guidelines will be issued shortly.

8. Internationalising Issuance and Acceptance of RuPay Cards

RuPay Debit and Credit cards issued by banks in India have gained international acceptance through bilateral arrangements with international partners and co-badging arrangements with international card schemes. In order to expand payment options for Indians travelling abroad, it has been decided to allow issuance of RuPay Prepaid Forex cards by banks in India for use at ATMs, PoS machines and online merchants overseas. Further, RuPay Debit, Credit, and Prepaid Cards will be enabled for issuance in foreign jurisdictions, which can be used internationally, including in India. These measures will expand the reach and acceptance of RuPay cards globally. Necessary instructions will be issued separately.

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