RBI Circular

January 2026

RBI Circulars- January 2026

Reserve Bank of India Releases Annual Report on Trend and Progress of Banking in India (2024-25)

- The **Reserve Bank of India (RBI)** released the **"Report on Trend and Progress of Banking in India 2024-25"** under **Section 36(2)** of the **Banking Regulation Act, 1949**, analysing the **banking sector performance** during **FY25** and **H1 FY26**.
- At the **end of FY25**, India's commercial banking system consisted of **12 PSBs, 21 PVBs, 44 Foreign Banks, 11 Small Finance Banks, 6 Payments Banks, 43 Regional Rural Banks, and 2 Local Area Banks**.
- The **consolidated balance sheet** of **Scheduled Commercial Banks (SCBs)** (excluding RRBs) increased by **11.2% in FY25**, lower than **15.5% growth in FY24**.
- The **Capital to Risk Weighted Assets Ratio (CRAR)** of **SCBs** remained comfortable at **17.4% at end-March 2025** and **17.2% at end-September 2025**.
- **SCBs profitability remained robust**, with **Return on Assets (RoA) at 1.4%** and **Return on Equity (RoE) at 13.5% in FY25**, moderating to **1.3% RoA** and **12.5% RoE in H1 FY26**.
- On the **assets side**, **bank credit grew by 11.5%** and **investments increased by 9.2% in FY25**, while on the **liabilities side**, **deposits rose by 11.1%**.
- The **share of PSBs** in the consolidated balance sheet of **SCBs declined to 54.9%** at end-March 2025 from **55.2%**, while the **share of PVBs moderated to 37.1%** from **37.5%**.
- The **GNPA ratio of SCBs** declined to a **multi-decadal low of 2.2% at end-March 2025** and further to **2.1% at end-September 2025**, reflecting improved **asset quality**.

Key Highlights :

Analysis of Bank Frauds

- During **H1 FY26 (April–September)**, the **number of bank fraud cases declined to 5,092**, but the **amount involved increased by 30% to ₹21,515 crore**.
- In **FY25**, the **total fraud cases fell to 23,879**, while the **amount involved rose to ₹34,771 crore**, indicating **high-value frauds**.
- **Card and internet frauds** accounted for **66.8% of total cases by number**, while **advances-related frauds formed 33.1% of the total amount involved in FY25**.
- **Private Sector Banks (PVBs)** accounted for **59.3% of fraud cases by number**, whereas **Public Sector Banks (PSBs)** accounted for **70.7% of the total fraud amount**, with coverage for **frauds of ₹1 lakh and above**.

Co-operative and Non-Banking Sectors

- The **number of Urban Co-operative Banks (UCBs)** declined by **15 to 1,457** at end-March 2025 due to ongoing **consolidation**.
- Out of **1,457 UCBs**, **1,406 were non-scheduled** and **49 were scheduled banks** at end-FY25.
- **UCB deposit growth improved to 5.2% in FY25** from **4.1%**, while **credit growth accelerated to 6.7%**, the **highest in six years**.
- The **consolidated balance sheet of UCBs** expanded by **4.4% in FY25**, and **net profit rose by 14.2%**, aided by **lower provisioning and better asset quality**.
- As per revised norms effective **April 1, 2023**, **92.1% of UCBs** maintained **Capital Adequacy Ratio (CAR) above 12%** at end-March 2025.
- **NBFC loans and advances expanded by 19.4%** at end-March 2025, with **upper-layer NBFCs** recording **higher growth than middle-layer NBFCs**.
- **Industry and retail sectors dominated NBFC credit with an 81.1% share**, followed by **services at 15.4%** at end-March 2025.
- The **share of NBFC credit in GDP** increased to **14.6% in FY25**, up from **13.5% in the previous year**.

Specialized Banking (Payments & SFBs)

- During **FY25**, the **combined balance sheet of Payments Banks** grew by **43.7% to ₹37,592 crore**.
- **Payments Bank deposits surged by 56.8% to ₹25,605 crore**, while **investments increased by 64.3% to ₹24,037 crore** in FY25.
- Despite growth, **net profit of Payments Banks declined marginally by 2.2% to ₹92 crore** in FY25.
- The **balance sheet of Small Finance Banks (SFBs)** grew by **20.9% to ₹4.05 lakh crore** in FY25.
- Due to faster deposit growth, the **Credit-Deposit ratio of SFBs moderated to 86.4%** at end-March 2025 from **90.1%**.
- The **net profit of SFBs declined to ₹3,496 crore** owing to **higher provisioning and contingencies**.
- **Asset quality of SFBs deteriorated**, with **GNPA ratio rising to 3.6%** at end-March 2025.
- **SFBs remained well-capitalised**, with **CAR at 21.5%** and **Tier-1 capital at 18.8%** at end-March 2025.

Reserve Bank of India Grants Final Payment Aggregator–Cross Border Authorization to Prosus-Backed Fintech BRISKPE

- **BRISKPE**, a **Prosus-backed fintech**, has received **final authorisation** from the **Reserve Bank of India (RBI)** to operate as a **Payment Aggregator–Cross Border (PA-CB)** under the **Payment and Settlement Systems Act, 2007**.
- The authorisation allows both **inward and outward cross-border payment flows**, positioning **BRISKPE** as a fully compliant, **end-to-end cross-border payments platform** for **Indian businesses**.
- **BRISKPE** becomes one of India's **youngest fintechs** specialising in **cross-border payments** to secure **PA-CB authorisation** in a short time frame.
- Launched in **2023**, **BRISKPE** provides **real-time payment tracking**, **local virtual accounts**, **competitive FX**, and a **digital-first onboarding experience**.
- The **PA-CB license** is mandatory for entities facilitating **online cross-border payments** for import and export of goods and services.
- This move reinforces the **RBI's focus** on bringing **fintech intermediaries** under direct **regulatory oversight** to ensure **compliance** and **transaction security**.

Reserve Bank of India Relaxes Capital Adequacy Norms for Non-Banking Finance Companies Financing High-Quality Infrastructure Projects

- The **Reserve Bank of India (RBI)** has **eased capital adequacy norms for Non-Banking Finance Companies (NBFCs)** lending to **high-quality infrastructure projects** through the **NBFC (Prudential Norms on Capital Adequacy) Amendment Directions, 2026**.

Key Highlights :

- The RBI has **reduced risk weights** on such exposures, allowing a **75% risk-weight** if the borrower has **repaid at least 2% of the sanctioned project debt**, compared to the **earlier draft requirement of 5–10% repayment**.
- A **lower 50% risk-weight** will apply if the borrower has **repaid at least 5% of the sanctioned project debt**, relaxed from the **earlier draft threshold of 10% or more**.
- **Lower risk weights** reduce the **capital that NBFCs must set aside**, thereby **encouraging lending** to **operational, lower-risk infrastructure projects**.
- A project will be treated as **"high-quality"** if it has **completed at least one year of operations after the Commercial Operation Date (COD)**, has **no breach of material covenants**, and the exposure is classified as **'standard'**.
- Project **revenues must arise from government or public authority concessions or contracts**, with **legal protection of rights** throughout the **concession period**, subject to **fulfilment of borrower obligations**.
- The **amended directions will come into effect from April 1, 2026**, or **earlier** if an **NBFC opts for full adoption**, and aim at **better risk alignment, efficient capital allocation, and safer infrastructure financing**.
- For exposures that currently enjoy a **lower risk weight** but would attract a **higher risk weight under the new norms**, NBFCs may **continue with the existing risk weight** until the **next review or renewal** or **March 31, 2027**, **whichever is earlier**.

Reserve Bank of India Projects Scheduled Commercial Banks' Gross Non-Performing Assets Ratio to Improve to 1.9% by March 2027

- The **Reserve Bank of India (RBI)** projects that **Gross Non-Performing Assets (GNPAs)** of **Scheduled Commercial Banks (SCBs)** will improve to **1.9% by March 2027** under the **baseline scenario**, from **2.1% in September 2025**, indicating continued improvement in **asset quality**.
- These projections are based on **macro stress tests** conducted on **46 major banks**, aimed at assessing the **resilience of the banking system** against **adverse macroeconomic shocks**.

Key Highlights :

- Under **Adverse Scenario-1**, the **GNPA ratio** may increase to **3.2%**, while under **Adverse Scenario-2**, it could rise further to **4.2% by March 2027**, reflecting potential stress conditions.
- Despite severe stress assumptions, **no bank is expected to breach** the **minimum Capital to Risk-Weighted Assets Ratio (CRAR) requirement of 9%**, highlighting **strong capital buffers** across the banking system.
- The **aggregate CRAR** of banks is projected to decline marginally from **17.1% (September 2025)** to **16.8% (March 2027)** under the **baseline scenario**, and to **14.5% and 14.1%** under the two **adverse scenarios**.

- The **Common Equity Tier-1 (CET1) ratio** is expected to **improve slightly to 14.8% by March 2027** under the **baseline**, but may fall to **12.7% and 12.3%** under **adverse scenarios**.
- Overall, the **RBI stress test results** indicate that **Indian banks remain resilient**, with **improving asset quality** in normal conditions and **adequate capital strength** even under **severe stress scenarios**.
- **GNPA** is calculated as the **ratio of gross non-performing assets**—loans with **interest or principal overdue for more than 90 days**—to a bank's **total lending portfolio**, and serves as a key indicator of **asset quality**.

Reserve Bank of India Imposes Nearly ₹27 Crore in Penalties on Banks in 40 Cases During 2025

- The **Reserve Bank of India (RBI)** imposed nearly **₹27 crore in monetary penalties** across **40 instances** on **banks during calendar year 2025 (CY25)** for various **regulatory violations**.

Key Highlights :

- **Private Sector Banks (PVBs)** accounted for the **highest penalty burden**, paying **₹16.28 crore**, which is **almost double** the amount paid by **Public Sector Banks (PSBs)**.
- **Jammu & Kashmir Bank** faced the **single largest penalty among private banks**, amounting to **₹3.31 crore in March 2025** for **multiple violations**, making it the **most penalised bank by value in CY25**.
- **Public Sector Banks** paid total penalties of **₹8.78 crore**, with the **State Bank of India (₹1.72 crore)** being the **most penalised PSB**, followed by **Canara Bank** and **Indian Bank**.
- **Small Finance Banks (SFBs)** were fined over **₹2.5 crore**, led by **Jana Small Finance Bank (₹1 crore)**, mainly for **capital structure** and **shareholding norm violations**.
- **Foreign banks** paid around **₹1.95 crore in penalties**, with **HSBC (₹66.6 lakh)** and **Deutsche Bank (₹50 lakh)** among the **top fined**, primarily for **KYC, FEMA, and regulatory reporting lapses**.
- The **most common violations** across banks included **priority sector lending breaches**, **improper collateral practices in MSME and agriculture loans**, **KYC and cyber-security lapses**, **unauthorised digital transactions**, **failure to transfer unclaimed deposits to the Depositor Education and Awareness Fund (DEAF)**, and **governance weaknesses**.

Reserve Bank of India Report Flags Divergent Bank Strategies for Resolving Stressed Loans in FY25

- The **Reserve Bank of India (RBI)**, in its **Report on Trend and Progress in Banking**, highlighted **significant differences in resolution strategies** adopted by banks for **stressed loans in FY25**.
- **Private Sector Banks (PVBs)** relied heavily on **market-based exits**, selling **35.9% of their previous year's Gross Non-Performing Assets (GNPA)** to **Asset Reconstruction Companies (ARCs)**, which is **nearly 14 times higher** than the **2.6–3%** sold by **Public Sector Banks (PSBs)**.
- **Foreign banks** emerged as the **most aggressive sellers**, transferring **55.5% of their prior-year GNPA** to **ARCs**, indicating a strong preference for **balance-sheet clean-up through market mechanisms**.
- At the system level, **sales of NPAs to ARCs** increased sharply to **12.4% of the previous year's GNPA in FY25**, up from **5.8% in FY24**, reflecting a **growing shift towards market-based resolution of stressed assets**.

Ministry of Finance Issues Rules Allowing 100% foreign direct investment in Insurance Sector

- The **Ministry of Finance** has notified the **Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025**, aligning regulations with the **100% foreign direct investment (FDI) limit** approved by **Parliament in December 2025**.
- This follows the passage of the **Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025**, which allows **100% FDI in insurance companies**, replacing the earlier **74% cap** under the **Insurance Act, 1938**, **LIC Act, 1956**, and **IRDAI Act, 1999**.

Key Highlights :

- Under the **new rules**, an insurance company with **foreign investment** must have at least **one key leadership position (CEO, MD, or Chairperson)** held by a **resident Indian citizen**.
- The **requirement that a majority of directors and key managerial personnel be Indian residents** has been **removed**, simplifying **corporate governance norms** for foreign-invested insurance companies.
- The **notification omits Rule 4A**, which earlier required **50% of net profits to be retained** in the **general reserve** if **foreign investment exceeded 49% and solvency margins were low**, and also prescribed **independent director requirements**.
- References to **FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000** have been **replaced with FEMA (Non-Debt Instrument) Rules, 2019**, and provisions related to the **74% FDI cap** have been updated to reflect the **new statutory limit under the Insurance Act, 1938**.

- The **notification removes three key clauses** applicable to insurance companies with **foreign investors**, including **prior IRDAI approval for dividend repatriation, restrictions on payments to foreign group or promoter entities**, and **specific board/key management composition rules**.
- The **Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025** has amended the **Insurance Act, 1938**, the **Life Insurance Corporation Act, 1956**, and the **Insurance Regulatory and Development Authority Act, 1999**, enabling **full foreign ownership and simplified governance for insurance companies in India**.
- The **new rules came into force** on **December 30, 2025**, the date of **publication in the official gazette**, facilitating **implementation of the new insurance law**.

Reserve Bank of India Warns 2–4 Banks May Tap Capital Conservation Buffers Under Stress Scenarios

- The **Reserve Bank of India (RBI)** warned that under a **moderate stress scenario**, **two Scheduled Commercial Banks (SCBs)** may need to utilise their **Capital Conservation Buffers (CCBs)** unless **fresh capital is infused**, and under a **severe stress scenario**, this number could rise to **four banks**.
- **Capital Conservation Buffers (CCBs)**, set at **2.5% of risk-weighted assets in India** and made up of **Common Equity Tier-1 (CET1) capital**, act as an **extra cushion to absorb losses during stress** without affecting **credit flow**.
- The **RBI stress test** revealed that **no bank would fall below the minimum Capital to Risk-Weighted Assets Ratio (CRAR) requirement of 9%**, even under **adverse scenarios**, indicating **adequate capital resilience**.
- The **aggregate CRAR of 46 major SCBs** may decline from **17.1% in September 2025** to **16.8% by March 2027** under the **baseline scenario**. [Image showing CRAR projections for Baseline vs Adverse scenarios]
- Under **hypothetical adverse scenarios 1 and 2**, the **aggregate CRAR** may fall further to **14.5% and 14.1%**, respectively, highlighting the **impact of severe macroeconomic shocks** on bank capital.
- **Macro stress tests** are conducted to **assess the resilience of banks** against **adverse macroeconomic shocks**, projecting **capital ratios of banks over a one-and-a-half-year horizon** under **three scenarios: a baseline and two adverse scenarios**.

Reserve Bank of India Reports Household Debt Rises to 41.3% of GDP by March 2025

- The **Reserve Bank of India (RBI)** reported that **household debt** rose to **41.3% of GDP by March 2025**, above the **five-year average of 38.3%**, indicating a **sustained rise in borrowing**.
- Despite the increase, **India's household debt** remains **lower than most peer emerging economies**, suggesting **manageable overall risk**.
- Borrowing by households is primarily for **consumption**, followed by **asset creation** and **productive purposes**, with **personal loans constituting 22.3% of consumption-purpose loans**.
- **Housing loans** account for **28.6% of household borrowings**, while **agriculture and business loans together contribute 16.1%**, reflecting the **diversified nature of household debt**.

Reserve Bank of India Warns 9 Non-Banking Finance Companies May Fall Below Minimum Capital If Top 3 Borrowers Default

- The **Reserve Bank of India (RBI)** stated that if the **top three individual borrowers of NBFCs default**, the **system-level Capital to Risk-Weighted Assets Ratio (CRAR)** would fall by **223 basis points (bps)**, and **9 Non-Banking Finance Companies (NBFCs)** would see their **CRAR drop below the regulatory minimum of 15%**.
- In a **more severe scenario**, where the **top three group borrowers default**, the **CRAR decline** would be **243 bps**, with **8 additional NBFCs** falling below the **15% capital requirement**, highlighting **concentration risk in NBFC lending**.
- **RBI liquidity stress tests** indicated that **NBFCs with negative cumulative liquidity mismatch exceeding 20%** over the next year could be **3 under baseline**, **4 under medium stress**, and **7 under severe stress scenarios**, showing potential **vulnerability under stressed liquidity conditions**.
- On the **liquidity front**, **upper-layer NBFCs** improved their **short-term liability ratios**, and despite **higher commercial paper issuances**, **borrowing growth exceeded credit growth**, while **asset quality remained stable at March 2025 levels**, indicating **resilient balance sheets**.

Reserve Bank of India Launches "RBI Talks: Paisa to Policy" Podcast to Boost Financial Awareness

- The **Reserve Bank of India (RBI)** has launched an **official podcast series** titled **"RBI Talks: Paisa to Policy"** to enhance **public communication and financial awareness**.
- The initiative was announced in the **Monetary Policy Statement dated December 6, 2024**, as part of RBI's plan to **expand its citizen outreach tools**.

- The **podcast aims to simplify complex financial and banking topics** for the **general public**, promoting **financial literacy, awareness, and inclusion**.
- The series is designed to make **RBI policies and regulations more accessible, understandable, and citizen-friendly**, bridging the **gap between policy and people**.
- The **first episode**, titled **"Demystifying KYC"**, explains the **concept and importance of Know Your Customer (KYC)** in **simple and practical terms**.
- Through this initiative, RBI leverages **modern digital platforms like podcasts** to **enhance public understanding of financial regulations and policies**.

Reserve Bank of India Conducts Inaugural Payments Regulatory Board Meeting in Mumbai Under Governor Sanjay Malhotra

- The **Reserve Bank of India (RBI)** held the **first meeting of the Payments Regulatory Board (PRB)** in **Mumbai**, chaired by **Governor Sanjay Malhotra**.
- The **Payments Regulatory Board (PRB)** was constituted following an **amendment to the Payment and Settlement Systems Act, 2007**, which came into force on **9 May 2025**.
- The **PRB reviewed the functions** of the **Department of Payment and Settlement Systems (DPSS)** and examined **key focus areas of domestic and global payment systems**.
- The **Draft Payments Vision 2028** was presented before the Board, and **strategic guidance** was provided to strengthen and advance **India's payment ecosystem**.
- The RBI shared findings from its **Survey on Digital Payments**, highlighting **emerging trends and developments** in **digital transactions**.
- Members who attended the meeting included **Krishnan**, **Secretary, Ministry of Electronics and Information Technology**, **Nagaraju Maddirala**, **Secretary, Department of Financial Services**, **Aruna Sundararajan (IAS Retd.)**, **T. Rabi Sankar**, **Deputy Governor, RBI**, and **Vivek Deep**, **Executive Director, RBI**.

Reserve Bank of India Signs Agreement with Government of National Capital Territory of Delhi Under Section 21A(1) of RBI Act, 1934

- **Reserve Bank of India (RBI)** signed an agreement with the **Government of National Capital Territory of Delhi (GNCTD)** under **Section 21A(1) of the RBI Act, 1934**.
- From **9 January 2026**, **RBI** will manage the **banking operations and rupee public debt** of **GNCTD**, marking a major financial reform for Delhi.
- The agreement was formalised through an **MoU at the Delhi Secretariat**, chaired by **Chief Minister Rekha Gupta**, who also holds the **Finance portfolio**.
- Under the new arrangement, **Delhi will raise funds through State Development Loans (SDLs)** at lower interest rates of around **7%**, replacing earlier high borrowing costs of **12–13%**, thereby improving **fiscal efficiency**.
- **RBI oversight** will strengthen **cash management**, enabling **automatic investment of surplus funds**, and providing access to **Ways and Means Advances (WMA)** and **Special Drawing Facilities (SDF)** for temporary cash requirements.
- A **Central Government notification dated 2 January** has formally **separated Delhi's public accounts from the Government of India**, granting Delhi an **independent banking and borrowing structure** for the first time, with support from the **Union Government and Prime Minister Narendra Modi**.

Reserve Bank of India Proposes Banks to Cap Dividend Payouts at 75% of Net Profit

- The **Reserve Bank of India (RBI)** has proposed to **raise the dividend payout cap for banks** to **75% of net profit**, up from the earlier **40%**, subject to conditions.
- **Bank boards** are required to review **asset quality**, **provisioning gaps**, **capital projections**, and **long-term growth plans** before declaring **dividends**.
- The **RBI** has introduced a **graded structure for dividend payment** based on banks' **Common Equity Tier 1 (CET1) capital levels**.
- **Stronger banks** with **CET1 above 20%** can pay **100% of adjusted net profit**, which is calculated as **net profit minus net non-performing assets** for the dividend payment year, while adhering to the **75% payout limit**.
- **Systemically important banks** such as **State Bank of India (SBI)**, **HDFC Bank**, and **ICICI Bank** require **CET1 ratios of 20.8%, 20.4%, and 20.2% respectively** to pay **100% of adjusted profits**.
- **Banks with CET1 below 8%** will **not be permitted to declare dividends**.
- These **RBI directions** will come into effect from the **financial year 2026-27**.

- The term **dividend** refers to the **amount paid on equity shares**, including **interim dividend**, but **excludes dividends on Perpetual Non-Cumulative Preference Shares (PNCPS)**.
- **Banks** can declare dividends only if they have a **positive adjusted profit after tax (PAT)** in the year for which the **dividend is proposed**.
- For **Regional Rural Banks (RRBs)** and **Local Area Banks**, the **RBI** has proposed a **higher dividend cap of up to 80% of PAT**.

Reserve Bank of India Reports Supervisory Data Quality Index Score of Scheduled Commercial Banks Rises to 90.7 in September 2025

- The **Reserve Bank of India (RBI)** reported that the **Supervisory Data Quality Index (sDQI) score** of **Scheduled Commercial Banks** improved to **90.7** in the **September 2025 quarter**, up from **89.9** in **April–June 2025**.
- The **sDQI** measures the **quality of supervisory data** submitted by banks in terms of **accuracy**, **timeliness**, **completeness**, and **consistency**.
- Among **bank groups**, **Small Finance Banks** recorded the **highest sDQI score of 91.5**, followed by **Public Sector Banks** at **91.1** in **September 2025**.
- **Private Sector Banks (90.6)** and **Foreign Banks (90.4)** also showed **improvement** and remained in the **"good" category**.
- The **sDQI** was created to assess **compliance with the RBI's Master Direction on Filing of Supervisory Returns, 2024**.
- In **September 2025**, **no Scheduled Commercial Bank scored below 80**, indicating **overall improvement in data quality**.
- According to **RBI classification**, a **score above 90** is rated **"good"**, while **替scores between 80–90** are considered **"acceptable"**.
- The **sDQI** currently covers **87 Scheduled Commercial Banks** and evaluates their **key returns** on **asset quality**, **liquidity**, **risk-based supervision**, and **capital adequacy**.

Reserve Bank of India Revokes Registration of 35 Non-Banking Financial Companies Over Regulatory Violations

- The **Reserve Bank of India (RBI)** exercised powers under **Section 45-IA(6) of the RBI Act, 1934** to cancel the **Certificate of Registration (CoR)** of **35 Non-Banking Financial Companies (NBFCs)** for **non-compliance with regulatory requirements**, with effect from **December 9 to 31, 2025**.
- Following the cancellation, these entities are **barred from carrying on the business of Non-Banking Financial Institutions (NBFIs)** as defined under **Section 45-I(a) of the RBI Act, 1934**.
- Additionally, **16 NBFCs voluntarily surrendered their CoR** to the **RBI**, leading to cancellation due to **strategic and operational reasons**.

Key Highlights :

- The **RBI noted that most of the cancelled NBFCs are concentrated in Delhi and the National Capital Region (NCR)**, with only a limited number located outside this region.
- Major **Delhi/NCR-based NBFCs** whose CoR was cancelled include **AG Securities, ALB Leasing & Finance, ATM Credit & Investments, Corporate Capital Services India, Decisive Finance, Divine Investments, Liberty Sales, Pearls Hire Purchase Corporation, Quasar India Fincap, Sunlife Securities, Sunrise Manufacturing Co, Swito Finance & Estates, and Triveni Vinimay**.
- Outside the **NCR**, notable NBFCs include **Shivom Investment & Consultancy Ltd (Mumbai, Maharashtra)** and **Satya Prakash Capital Investment Ltd (Jabalpur, Madhya Pradesh)**.
- Among the **16 NBFCs that surrendered their CoR**, **8** belong to the **business exit category**, **3** met the criteria of **unregistered Core Investment Companies (CICs)**, and **5** exited due to **corporate restructuring**.
- NBFCs exiting business include **Dharmesh Stock Broking Pvt. Ltd (Mumbai), Millennium Holdings Pvt. Ltd (Kolkata), Celestial Consultants Pvt. Ltd (Kolkata), Damayanti Finance & Properties Pvt. Ltd (Chennai), Liquid Paper Finserve Pvt. Ltd (Delhi), Peerless Financial Services Ltd (Kolkata), Park Avenue Engineering Ltd (Mumbai), and Arvind Overseas Project Services Pvt. Ltd (Delhi)**.
- NBFCs meeting **CIC criteria** include **Shyam Basic Infrastructure Projects Pvt. Ltd (Jaipur), Shruti Finsec Pvt. Ltd (Kanpur), and Sita Investment Company Ltd (Raipur)**.
- NBFCs affected by **corporate restructuring** through **merger, amalgamation, dissolution, or voluntary strike-off** include **Edelweiss Retail Finance Ltd (Mumbai), Super Commodities Pvt. Ltd, Silfix Tradelink Pvt. Ltd, Sakthi Traders Pvt. Ltd, and Yaduka Financial Services Ltd (all based in Kolkata, West Bengal)**.
- An **NBFC** is a **financial institution registered under the Companies Act, 1956 or 2013**, engaged in **loans and advances** and in the **acquisition of shares, stocks, bonds, debentures, and government securities**.

- **NBFCs are regulated by the RBI** under the provisions of the **RBI Act, 1934**, and **cannot commence business without obtaining CoR** as mandated under **Section 45-IA**.
- At present, NBFCs must maintain a **minimum Net Owned Fund (NOF) of ₹10 crore**, which may be **higher depending on the specific category of NBFC**.
- Unlike banks, **NBFCs are not permitted to accept demand deposits**, are **not part of the RBI's Payment and Settlement System (PSS)**, and their depositors **do not receive deposit insurance cover from the Deposit Insurance and Credit Guarantee Corporation (DICGC)**.
- Based on activities, NBFCs are classified into **Investment and Credit Companies (ICC), Housing Finance Companies (HFC), Infrastructure Finance Companies (IFC), Infrastructure Debt Fund–NBFCs (IDF-NBFC), and Core Investment Companies (CIC)**.
- Based on liabilities, NBFCs are further categorised into **Deposit-Taking NBFCs** and **Non-Deposit-Taking NBFCs**.

Reserve Bank of India Proposes Mandatory 3-Year Cooling-Off Period for Co-operative Bank Directors After 10 Years

- The **Reserve Bank of India (RBI)** has proposed **amendments to the Governance Directions, 2025** for **Urban Co-operative Banks (UCBs)** and **State/Central Co-operative Banks**, introducing a **mandatory cooling-off period** for **directors**.
- The proposal aims to **prevent circumvention of tenure limits**, as RBI observed instances where **directors resigned briefly and re-entered boards** through **re-election or co-option**, defeating the intent of the **Banking Regulation Act**.
- The existing framework prescribes a **maximum continuous tenure of 10 years** for directors, effective from **June 2020 for UCBs** and **April 2021 for State and Central Co-operative Banks**, which was **enhanced from 8 years to 10 years in August 2025**.
- As per the proposed amendment, a **director completing 10 years on a bank's board** can be **reappointed only after a cooling-off period of three years**, **irrespective of the mode of appointment**.
- During the **three-year cooling-off period**, the individual **cannot be associated with the same bank in any capacity**, except as a **member or customer**, though they may **serve on the board of another bank**.
- For the purpose of calculating **"continuous tenure,"** any **interruption of less than three years** will still be **counted as continuous service**, preventing **artificial breaks** to reset tenure limits.

Reserve Bank of India Sets ₹890 Crore Ways and Means Advances Limit for Delhi Government

- The **Reserve Bank of India (RBI)** has fixed the **Ways and Means Advances (WMA)** limit for the **Government of the National Capital Territory of Delhi (GNCTD)** at **₹890 crore**.
- The revised WMA limit for Delhi is effective from **January 09, 2026**, to manage **temporary mismatches** in receipts and payments.
- With this revision, the **aggregate WMA limit** for all State Governments and Union Territories has increased to **₹61,008 crore**, from the earlier ₹60,118 crore.
- **Ways and Means Advances (WMA)** are **short-term credit facilities** provided by the RBI to the Central Government, State Governments, and Union Territories.
- The objective of WMA is to **bridge temporary cash flow mismatches**, not to provide long-term financing.
- The **highest WMA limits** among states are Uttar **Pradesh (₹6,519 crore)**, **Maharashtra (₹6,139 crore)**, and **Tamil Nadu (₹4,582 crore)**.
- The WMA limits are reviewed on a **semi-annual basis**, usually for the first and second halves of the financial year.
- The **interest rate on WMA** is linked to the **RBI repo rate**, making it a policy-aligned liquidity tool.
- The interest rate on **Overdrafts (OD)** availed beyond WMA is **2 percentage points above the repo rate**.
- The **repayment period** for WMA is capped at **90 days**, ensuring short-term liquidity management discipline.
- WMA and Overdraft facilities are **key instruments** used by the RBI to support **fiscal cash management** of governments while maintaining **monetary stability**.

About WMA :

- **Ways and Means Advances (WMA)** are **temporary loan facilities** provided by the **Reserve Bank of India (RBI)** to the Central and State Governments to manage **short-term mismatches** in receipts and expenditures.
- WMA are meant only for **temporary cash flow support** and cannot be used for long-term financing.
- The WMA scheme was introduced on **April 1, 1997**, as part of India's **fiscal cash management framework**.
- **Section 17(5)** of the **RBI Act, 1934** authorises the RBI to lend to Central and State Governments, provided the advance is **repayable within three months (90 days)**.

- There are two types of WMA, namely **Normal WMA** and **Special WMA (SDF – Special Drawing Facility)**.
- Under **Normal WMA**, a fixed borrowing limit is prescribed, and the **interest rate** is equal to the **RBI repo rate**.
- **Special WMA (SDF)** allows additional borrowing beyond Normal WMA, backed by **Government Securities** held by the State Government.
- The interest rate on **Special WMA (SDF)** is **one percentage point lower** than the repo rate.
- Normal WMA can be availed only **after the SDF limit is exhausted** by the State Government.
- The **maximum duration** of WMA is **90 days**, reinforcing its short-term nature.
- If the WMA amount is not repaid within 90 days, it is treated as an **Overdraft (OD)**.
- The **interest rate on Overdrafts** is **2 percentage points higher** than the RBI repo rate.
- WMA interest rates are directly **linked to the repo rate**, ensuring alignment with **monetary policy signals**.
- The **WMA limits** are fixed by the RBI in consultation with the Government and are **reviewed periodically**.
- The number and size of Normal WMA loans are determined based on the **three-year average** of actual **revenue and capital expenditure** of the State.

Reserve Bank of India Issues 2026 Amendment to All India Financial Institutions Prudential Norms on Capital Adequacy

- The **Reserve Bank of India (RBI)** has issued the **All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy (Amendment) Directions, 2026**, which are **effective immediately**.
- The amendment revises the **risk-weighting** of **non-resident corporate exposures**, aligning them with **international credit rating standards**.
- Risk weights for non-resident corporate exposures will now be based on ratings from **S&P, Fitch, and Moody's**, improving **global alignment**.
- A separate **risk-weight mapping** has been introduced for **IFSC-origin exposures** rated by **CareEdge Global IFSC Limited**.
- For **IFSC-origin non-resident corporate exposures**, RBI has prescribed the following **risk weights**: **20% for AAA**, **30% for AA**, **50% for A**, **100% for BBB**, and **150% for BB & below**.
- **Unrated claims** with exposure **above ₹200 crore**, or earlier-rated but now unrated exposures **above ₹100 crore**, will attract a **150% risk weight**.
- **Unrated corporate claims** cannot receive a lower risk weight than the **sovereign** of the country where the borrower is incorporated.
- **CareEdge Global IFSC Limited** has been formally recognised by RBI as an **eligible rating agency** for specified **IFSC-origin non-resident corporate exposures**.
- The amendments are aimed at **strengthening capital adequacy norms**, ensuring **risk-sensitive capital allocation**, and enhancing **prudential standards** for **AIFIs**.

Reserve Bank of India Grants Payment Aggregator–Cross Border Licence to Bengaluru-Based Fintech Skydo

- **Skydo**, a Bengaluru-based payments firm, has received **final authorisation** from the **Reserve Bank of India (RBI)** to operate as a **Payment Aggregator–Cross Border (PA-CB)**.

Key Highlights :

- The **PA-CB licence** allows Skydo to legally **aggregate and process cross-border payments** for Indian exporters under a formal regulatory framework.
- This approval marks a major milestone, positioning Skydo among the **first fintech firms** to receive this specific license in India's evolving digital payments ecosystem.
- For non-bank entities, the **minimum net worth requirement** for a PA-CB licence is **₹15 crore** at the time of application, which must be increased to **₹25 crore** within the RBI-specified timeframe.
- Skydo primarily supports **Indian exporters**, particularly **MSMEs**, freelancers, and small businesses, by simplifying international payment collections.
- The platform currently serves over **30,000 MSMEs** across more than **50 cities** in India.
- Exporters can receive payments locally from overseas clients in over **32 foreign currencies**.
- The company follows a **flat-fee pricing model** with **no markup** on live mid-market foreign exchange (FX) rates, offering faster settlement cycles.
- With the new license, Skydo plans to expand its **international payment corridors** and launch new products to strengthen the export ecosystem.

- The company has already enabled **local payment acceptance** in complex regions like **Africa**, improving global market access.
- Skydo recently raised **$10 million in Series A funding**, led by **Susquehanna Asia Venture Capital**, with participation from **Elevation Capital**.
- The company's **total funding** now stands at **$20 million**, reflecting strong investor confidence in its business model.
- Skydo has set an ambitious target of reaching **$5 billion in annualised payment volumes** by **2027**.

Reserve Bank of India Grants Innoviti Approval to Operate as Online and Offline Payment Aggregator

- **Innoviti Technologies Private Limited,a payments-centric retail Software-as-a-Service (SaaS) platform,** received a **Certificate of Authorization** from the Reserve Bank of India **(RBI)** to operate as a **Payment Aggregator (PA)** under the **Payments and Settlement Systems (PSS) Act, 2007** across India.
- The **RBI authorisation** allows **Innoviti** to manage both **online and offline (in-store) payment transactions**, expanding its **operational scope nationwide**.
- **Innoviti** was initially authorised in **March 2024** as an **online Payment Aggregator**, and the **new licence** now covers **physical retail payments** as well.
- The **expanded PA licence** enables **seamless, secure and compliant payment processing** for **enterprises** and **Small & Medium-sized Enterprises (SMEs)**.
- **Innoviti** operates India's largest **offline payments platform**, branded **Innoviti UniPay**, serving leading **enterprise clients** across the country.

Reserve Bank of India Recognises FEDAI as Self-Regulatory Organisation for Forex Authorised Dealers

- The **Reserve Bank of India (RBI)** has recognised the **Foreign Exchange Dealers' Association of India (FEDAI)** as a **Self-Regulatory Organisation (SRO)** for all **Authorised Dealers (ADs)** in the foreign exchange market.

Key Highlights :

- **FEDAI** was recognised under the **RBI's Omnibus Framework** for recognition of **SROs for Regulated Entities**, aimed at strengthening **market discipline**, **transparency**, and **self-regulation**.
- As an **SRO**, **FEDAI** will set standards, promote **best practices**, and ensure compliance among **authorised dealers**, subject to **RBI's regulatory oversight**.
- **RBI** has given **FEDAI one year** to align its **governance structure** and operations with the **Omnibus SRO Framework**.
- During this period, **FEDAI** must extend its membership to **all categories of Authorised Dealers (ADs)** operating in the forex market.
- **FEDAI** was established in **1958** as an association of banks dealing in foreign exchange.
- It is incorporated as a **Section 8 company** under the **Companies Act, 2013** (formerly Section 25 of the 1956 Act).
- **FEDAI** frames **inter-bank foreign exchange rules** and acts as a **liaison** between banks and the **RBI** to support the development of India's forex market.
- As per **RBI norms**, an **SRO** must have a **minimum net worth of ₹2 crore** within one year of recognition or before commencing operations.
- The **shareholding** of an **SRO** must be **sufficiently diversified**, and **no single entity** should hold **10% or more** of the paid-up share capital, either individually or in concert.
- At least **one-third of the Board members**, including the **Chairperson**, must be **independent directors** and should have no active association with any **fintech entity**.
- The recognition of **FEDAI** as an **SRO** is a significant step towards enhancing **consistency**, **accountability**, and **market integrity** in India's foreign exchange market.

Reserve Bank of India Grants In-Principle Approval to SMBC, Japan, to Set Up Wholly-Owned Subsidiary in India

- The **Reserve Bank of India (RBI)** has granted **in-principle approval** to **Sumitomo Mitsui Banking Corporation (SMBC)**, Japan, to establish a **Wholly-Owned Subsidiary (WOS)** in India.

Key Highlights :

- A **WOS** is a **separate legal entity**, allowing a foreign bank to operate like a **domestic bank**, including opening new branches freely without prior RBI approval.
- **SMBC** will convert its existing **four branches** in **Delhi, Mumbai, Chennai, and Bengaluru** into the WOS, enhancing **operational flexibility** and growth opportunities in the Indian banking market.

- This follows **SMBC's 24.22% stake acquisition** in **YES Bank** in **2025**, making it the **largest shareholder** and strengthening the **YES Bank–SMBC partnership** for cash management and non-lending services to global and domestic corporations.
- **RBI** mandates foreign banks to operate in India either via branches or a **WOS** under the **"single-mode presence"** principle, based on global financial-stability lessons from the **2008 crisis**.
- Foreign banks must obtain **home country regulator approval** before establishing a **WOS** in India.
- **WOSs** must be under adequate **prudential and consolidated supervision** as per international standards.
- Foreign banks operating through branches after **August 2010** must convert to a **WOS** if they become **systemically important** in India (Indian assets > **0.25%** of total SCB assets).
- **WOSs** of foreign banks are legally treated as **"foreign banks"** under **FEMA (Non-Debt Instruments) Rules, 2019** and **RBI Foreign Investment Master Directions**.
- If foreign banks (**WOS + branches**) hold >**20%** of total **capital and reserves** of the Indian banking system, **RBI** restricts entry of new **WOSs**, and any capital infusion into existing **WOSs** requires prior **RBI**
- A **WOS** must have minimum **paid-up voting equity capital** of **₹500 crore** at the time of establishment.
- **WOSs** must comply with **Basel III norms**, maintaining a minimum **capital adequacy ratio of 10%** for the first three years (**1%** above Basel III requirement) along with capital conservation and regulatory buffers.
- At least **50% of directors** must be **Indian nationals / NRIs / PIOs**, with one-third resident Indian nationals.
- A **WOS** must have a **Part-time Chairman** and a **full-time CEO**, with the **CEO** being resident in India.
- **WOSs** are governed by all major Indian financial laws, including the **Companies Act**, **Banking Regulation Act**, **RBI Act**, **FEMA**, **Payment & Settlement Systems Act**, and **RBI prudential directions**.
- Foreign banks with **<20 branches** converting to a **WOS** are given up to **five years** to meet **Priority Sector Lending (PSL)** targets, as per an RBI-approved action plan.
- A **WOS** may dilute shareholding to **≤74%** in line with India's **FDI policy** and can list on **Indian stock exchanges**.
- After **in-principle approval**, the **WOS** must be registered under **Companies Act, 2013** and then apply to **RBI** for a banking licence under **Section 22** of the **Banking Regulation Act, 1949**.

Reserve Bank of India Directs Banks and Eligible non-banking financial companies to Implement Automated Complaint Management System with Internal Ombudsman/Deputy IO Access

- **The Reserve Bank of India (RBI)** has mandated banks and eligible **non-banking financial companies (NBFCs)** to implement a **fully automated Complaint Management System (CMS)** with direct access for the **Internal Ombudsman (IO)** and **Deputy IO (DIO)**.

Key Highlights :

- The **Internal Ombudsman (IO)** must be a retired or serving officer of rank equivalent to **General Manager** in **RBI**, a regulated entity, or a **Financial Sector Regulatory Body**.
- The **IO** must have at least **7 years' experience** in banking, **NBFCs**, regulation, supervision, payment systems, **credit information**, or **consumer protection**.
- The **IO** must not be above **70 years of age** during the tenure period.
- One person may act as **IO** for **more than one regulated entity**, but this requires **Board** or **CSC**
- Every bank is mandatorily required to appoint at least **one IO**.
- The **Customer Service Committee (CSC)** of the Board must review annually and decide the number of **IOs** and **DIOs**
- **IO and DIO** appointments are made on a **contractual basis**; the post of **IO** must never be vacant, and the **DIO** functions as **IO** during temporary absence.
- The **tenure** of **IO/DIO** is at least **3 years**, with a maximum total tenure of **5 years**, including extensions.
- **IO/DIO** cannot be removed before tenure completion without **CSC approval**.
- **Partially resolved** or **rejected complaints** must be **automatically escalated** to the **IO** for independent review.
- Banks must classify complaints as **"fully resolved"**, **"partially resolved"**, or **"wholly rejected"** before escalation to the **IO**.
- For complaints governed by **RBI, NPCI, or card-network** timelines, the **IO** must get at least **10 days** for review; for all other complaints, **20 days**.
- The **IO** will not accept complaints **directly from customers** and only reviews cases already examined by the bank.
- The final decision must be communicated to the customer within **30 days** from receipt of the complaint.

- Only a **Whole-Time** or **Executive Director** can **overrule** an **IO's decision**, and all such cases must be placed before the **Board's CSC**.
- The rules apply to **banks with 10+ branches**, **deposit-taking NBFCs**, and **large NBFCs (₹5,000 crore+)** with public interface, with some NBFC categories excluded.
- The framework also applies to **small finance banks**, **payments banks**, **prepaid payment issuers**, and **credit information companies (CICs)**.

Reserve Bank of India Notifies Reserve Bank – Integrated Ombudsman Scheme (RB-IOS), 2026 to Streamline Customer Grievance Redressal Mechanism

- The **Reserve Bank of India (RBI)** issued the **Reserve Bank – Integrated Ombudsman Scheme (RB-IOS) 2026** to simplify and strengthen **grievance redressal** for customers of banks and financial institutions.
- **RB-IOS 2026** will replace **RB-IOS 2021** and will come into effect from **1 July 2026**.
- The scheme follows a **"One Nation, One Ombudsman"** approach by integrating multiple legacy ombudsman schemes into a **single unified framework**.

Key Highlights :

Applicable Regulated Entities (REs) under RB-IOS 2026 include:

- All **Commercial Banks (CBs)**, **Regional Rural Banks (RRBs)**, **State Co-operative Banks (StCBs)**, **Central Co-operative Banks (CCBs)**, **Scheduled UCBs**, and **Non-Scheduled UCBs** with deposits of **₹50 crore or more**.
- **All Non-Banking Financial Companies (NBFC)** (excluding Housing Finance Companies(HFCs), Core Investment Company (CIC), Infrastructure Debt Fund-NBFC, NBFC – Infrastructure Finance Company (IFC), Non-Operative Financial Holding Company (NOFHC), Primary Dealers (PDs), Mortgage Guarantee Companies (MGC)) that **accept deposits** or have customer interfaces with asset size of **₹100 crore or more**.
- Non-bank **Prepaid Payment Instrument (PPI) Issuers**.
- **Credit Information Companies**.

Key Features and Limits :

- The scheme **removes the dispute amount cap**, allowing complaints of **any value** to be taken up by the **RBI Ombudsman** or **Deputy Ombudsman**.
- **Compensation limits enhanced under RB-IOS 2026:**
    - Up to **₹30 lakh** for **consequential financial loss** (earlier ₹20 lakh).
    - Up to **₹3 lakh** for **mental anguish, harassment, time loss and expenses** (earlier ₹1 lakh).
- RBI will establish a **Centralised Receipt and Processing Centre (CRPC)** to receive and process complaints filed under the scheme.
- Customers can file complaints through the **RBI Complaint Management System (CMS) portal**, or by **email or post** to the **CRPC**.
- An **appeal mechanism** is available, allowing both complainants and regulated entities to appeal before the **Appellate Authority** within the prescribed timeline.
- RBI may appoint one or more officers as **RBI Ombudsman** and **Deputy Ombudsman** to discharge functions under the scheme.
- The **tenure** of RBI Ombudsman / Deputy Ombudsman is generally **three years** at a time.

About Reserve Bank of India (RBI) :

- **Governor: Sanjay Malhotra**
- **Headquarters: Mumbai, Maharashtra**

Reserve Bank of India Extends Interest Subvention on Short-Term Crop and Allied Loans Through Kisan Credit Cards for FY 2025-26

- The **Government of India** has continued the **Modified Interest Subvention Scheme (MISS)** for **2025-26** to provide **short-term crop loans** and **allied activity loans** to farmers through **Kisan Credit Cards (KCC)**.

Key Highlights :

- Farmers can avail loans up to **₹3 lakh** at a concessional interest rate of **7%**, while banks will receive **1.5% interest subvention** from the Government.
- Farmers **repaying on time** will get an **additional 3% incentive**, reducing the **effective interest rate to 4%** per annum.
- Interest benefits are available for crop loans and **allied activities** such as **animal husbandry, dairy, fisheries, and beekeeping**, with a maximum cap of **₹2 lakh** for allied activities.
- **Small and marginal farmers** storing produce in **WDRA-accredited warehouses** can avail interest benefits for up to **six months after harvest**.
- Farmers affected by **natural calamities** will receive interest subvention for **one year** on restructured loans, while those affected by **severe calamities** can receive benefits for up to **five years**, including the **3% prompt repayment incentive**.
- **Aadhaar seeding and authentication** are **mandatory** for availing benefits under the scheme, and all lending institutions must ensure **e-KYC** is completed for every farmer.
- A farmer is eligible to receive **MISS benefits** through **multiple KCC accounts**, subject to an overall limit of **₹3 lakh per farmer**, but for a **specific land parcel**, benefits can be availed through **only one KCC account**.
- **Interest subvention** will be calculated on the loan amount from the date of **disbursement, drawal, or renewal** up to the actual repayment date or tenure/due date, subject to a maximum period of **one year**.
- An **additional 3% interest subvention** will be provided to farmers **repaying on time**, implying that prompt repayment will result in an **effective interest rate of 4% per annum** for short-term crop and allied loans.
- The **crop loan component** will take **priority** for interest subvention and prompt repayment incentive, and the residual amount will be considered towards **allied activities**, respecting the **₹2 lakh cap**.
- The scheme provides interest subvention for **small and marginal farmers** storing produce in warehouses to **discourage distress sale**, applicable up to **six months post-harvest** against **negotiable warehouse receipts** from **WDRA-accredited warehouses**.
- For **natural calamities**, interest subvention will be available to banks for the **first year** on **restructured loans**, with normal rates from the second year onwards.
- For **severe natural calamities**, interest subvention will be provided for up to **five years**, and the **3% prompt repayment incentive** will also be extended, subject to approval by a **High-Level Committee (HLC)** based on recommendations from **IMCT and SC-NEC**.
- All banks must ensure **Aadhaar authentication** and **e-KYC** for every farmer to enable **seamless access** to benefits under the scheme.
- A farmer with **multiple KCC accounts** can avail **MISS benefits** subject to the **₹3 lakh overall limit**, but only the account with the **highest sanctioned loan amount** linked to a **specific land parcel** will be eligible.
- Banks may encourage **digital transactions**, including the use of **RuPay cards**, to facilitate **seamless account operations**.
- Banks must capture and report **granular data** of individual farmer beneficiaries on **KRP (Kisan Rin Portal)**, including their **social category**, ensuring **data integrity** for settlement of **MISS claims** for 2025–26.
- **Field functionaries** must accurately report **crop data** on **KRP** to avoid **validation errors**.
- All **eligible financial institutions** must ensure **timely uploading** of **MISS claims on KRP**, certified by **Statutory Auditors** as true and correct.

Reserve Bank of India Releases Draft Guidelines on Tier-1 Capital Calculation and Credit-Investment Limits for NBFCs and ARCs

- The **Reserve Bank of India (RBI)** issued draft amendment directions to clarify the calculation of **Owned Fund / Tier-1 Capital** for **NBFCs** and **Asset Reconstruction Companies (ARCs)** to comply with **credit and investment concentration limits** and invited public comments till **28 January 2026**.
- Currently, **NBFCs** (other than **NBFC-UL**) and **ARCs** reckon **Tier-1 Capital** as on **31 March of the previous year** for compliance with **credit/investment concentration norms**.
- RBI received requests from NBFCs for review and clarification on aspects of **Owned Fund / Tier-1 Capital**, as the existing method created ambiguity, especially regarding the **inclusion of quarterly profits**.
- Under the new draft, **free reserves**, including **quarterly profits**, can now be included in the Owned **Fund**, subject to specified conditions.
- **Quarterly profits** must be reviewed by **statutory auditors** through a **limited review** before being treated as capital.

- **Eligible profits** will be reduced by **25% of the average dividend** paid in the **last three years**, multiplied by the **number of quarters completed** in the year.
- Any **losses** during the **current year** must be **fully deducted** from the Owned **Fund** while calculating **Tier-1 Capital**.
- The draft is aimed at providing **greater clarity and consistency** in capital computation and is effective **immediately for consultation purposes**.

Reserve Bank of India Plans to Reopen Urban Co-operative Bank Licences, Prioritising Large Credit Societies After Two Decades of Suspension Due to Past Urban Co-operative Banks Failures

- **The Reserve Bank of India (RBI)** has proposed **reopening the licensing window** for new **Urban Co-operative Banks (UCBs)** after **22 years**, as the previous window was closed in **2004** due to widespread failures of newly licensed banks.
- **RBI** plans to prefer **large and well-run co-operative credit societies** for new UCB licences, as most past failures occurred in **small UCBs**.

Key Highlights :

- **Co-operative credit societies**, unlike banks, are regulated by the **Registrar of Co-operative Societies**, deal only with their **members**, and cannot offer full banking services like **cheques or online fund transfers**.
- In **2004**, **RBI** stopped issuing new UCB licences because **31%** of newly licensed UCBs failed; now, after sector reforms, **RBI** is reconsidering the restart of licensing.
- Following the **Banking Regulation Amendment Act, 2020**, **RBI** obtained strong powers over UCBs, similar to commercial banks, and UCBs are now classified into **4 tiers** based on deposits.
- **Tier 1:** Deposits **< ₹100 crore**; **Tier 2:** Deposits **₹100–₹1,000 crore**; **Tier 3:** Deposits **₹1,000–₹10,000 crore**; **Tier 4:** Deposits **≥ ₹10,000 crore**.
- India has **1,457 UCBs** with **₹5.84 lakh crore deposits** and **₹7.38 lakh crore assets**; **52%** of banks are small, but **7%** of large UCBs hold **62.5%** of total deposits, indicating sector consolidation.
- The **National Urban Co-operative Finance and Development Corporation (NUCFDC)**, established in **Feb 2024**, will provide **technology, liquidity, and investment support** to UCBs.
- To be eligible for a UCB licence, a co-operative society must have: **10 years of operations**, minimum **5-year strong financial track record**, **CRAR ≥12%**, and **Net NPA ≤3%**.
- All co-operative societies, whether registered under **State Co-operative Societies Act** or **Multi-State Co-operative Societies Act**, must obtain a licence under **Section 22 read with Section 56** of the **Banking Regulation Act, 1949**.
- **Malegam Committee (2011)** suggested low and differentiated capital (**₹0.5–₹5 crore**) and allowed new societies in **unbanked areas** to get UCB licences.
- **R Gandhi Committee (2015)** tightened norms, allowing licences only to well-run societies with **5-year track record** and capital **₹25–₹100 crore**.
- **Vishwanathan Committee (2021)** advised focusing on expansion of existing UCBs and granting new licences only after the **Umbrella Organisation (NUCFDC)** becomes fully effective.
- Currently, **82 weak UCBs** are under supervisory restrictions; **28 very weak UCBs** are under **All-Inclusive Directions (AID)**, **32 UCBs** under **Prompt Corrective Action (PCA)**, and **22 UCBs** under **Supervisory Action Framework (SAF)**. These fall under **Tier 1 to Tier 3**.

Reserve Bank of India Issues Updated FEMA Regulations for Export and Import Transactions Effective 1 October 2026

- **The Reserve Bank of India (RBI)** issued the **Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026** under **FEMA, 1999**, introducing **uniform timelines** and **enhanced monitoring** for trade-related foreign exchange transactions.
- These regulations **supersede** the **FEMA (Export of Goods & Services) Regulations, 2015** and will come into effect from **1 October 2026**.

Key Highlights :

- The regulations are notified under **Sections 7, 8, 10(6), and 47(2)** of **FEMA, 1999**.
- They are applicable to **exports, imports, and merchanting trade transactions**, covering goods, services, **software exports**, and **service imports**.

- All references to **RBI** must be routed via the Platform for Regulatory Application, Validation and Authorisation **(PRAVAAH) portal portal**, and any doubtful transactions must be reported to the **Directorate of Enforcement (ED)** under the **Ministry of Finance (MoF)**.
- Exporters must submit an **Export Declaration Form (EDF)** specifying the **full export value** of goods at the time of export.
- **Authorized Dealer (AD) banks** must enter **EDF details** for goods exported through **non-EDI ports** into the Export Data Processing and Monitoring System (EDPMS) within **5 working days**.
- For **service exports**, **AD banks** must upload exporter-submitted **EDF details** into **EDPMS** within **5 working days**.
- For **service imports** through **non-EDI ports**, **AD banks** must enter import document details in Import Data Processing and Monitoring System (IDPMS) within **5 working days**, and upload importer-declared details within the same timeframe.
- **Export proceeds** must be **realized and repatriated** within **15 months** of shipment/invoice, and for exports invoiced in Indian Rupees (INR), within **18 months**.
- All **inward and outward remittances** linked to exports, imports, and merchanting trade must be reported in **EDPMS** and/or **IDPMS**.
- **AD banks** are empowered to **monitor** all transactions in **EDPMS and IDPMS**, follow up with exporters, importers, and persons undertaking **Merchanting Trade Transactions (MTT)**, and ensure closure of outstanding entries.
- **Authorised Dealer (AD)**: Entity authorised by **RBI** to conduct foreign exchange transactions.
- **Export Declaration Form (EDF)**: Form through which exporters declare full value and details of goods or services exported from India.
- **Export Data Processing and Monitoring System (EDPMS)**: Digital platform to track, monitor, and process export-related forex transactions.
- **Import Data Processing and Monitoring System (IDPMS)**: Digital platform to track, monitor, and manage import-related forex transactions.

Recent News :

- In Jan 2026, **The RBI** has mandated banks and eligible **non-banking financial companies (NBFCs)** to implement a **fully automated Complaint Management System (CMS)** with direct access for the **Internal Ombudsman (IO)** and **Deputy IO (DIO)**.

About RBI :

- Established: **1 April 1935**.
- Headquarters: **Mumbai, Maharashtra**
- **Governor**: **Sanjay Malhotra**

Reserve Bank of India Gives In-Principle Nod to Payoneer India to Operate as Cross-Border Payment Aggregator

- The **Reserve Bank of India (RBI)** granted **in-principle approval** to **Payoneer India Private Limited** to operate as a **Payment Aggregator – Cross Border (PA-CB)**.
- **Payoneer India Private Limited** is a subsidiary of **USA-based Payoneer Global**, strengthening its presence in India's **cross-border payments ecosystem**.
- The **PA-CB approval** allows **Payoneer** to facilitate **end-to-end inward and outward** cross-border payment transactions for **Indian importers and exporters**.
- Under this approval, **Indian exporters** can receive **overseas payments**, while **importers** can make **international payments** through the **Payoneer platform**.
- The key objective of **RBI's approval** is to support **Indian businesses**, especially Micro, Small and Medium Enterprises (MSMEs) **and startups**, in accessing **global markets** and scaling **international trade operations**.
- As per **RBI's PA-CB guidelines**, **non-bank entities** must obtain **RBI authorisation** to operate as cross-border payment aggregators.
- **Net worth requirement** for **PA-CB entities**: **₹15 crore initially**, increasing to **₹25 crore** by the end of the **third year**.
- The **per-transaction limit** under **PA-CB norms** is capped at **₹25 lakh**.
- **PA-CB entities** must maintain **separate accounts** for **import and export transactions**, with **no netting of balances**

Reserve Bank of India Releases Operational Guidelines for Interest Subvention on Export Credit under Niryat Protsahan

- The **Reserve Bank of India (RBI)** issued **operational guidelines** for extending **interest subvention** on **pre- and post-shipment export credit** under the **Export Promotion Mission (EPM) – NIRYAT PROTSAHAN (1st Component)**.
- The objective of **NIRYAT PROTSAHAN – Interest Subvention Component** is to facilitate improved access to **rupee export credit** for **MSME exporters** by **reducing the cost of credit**.

Key Highlights :

- **Eligible institutions** include all **Scheduled Commercial Banks (SCBs)** (excluding RRBs), **Primary (Urban) Co-operative Banks (UCBs)**, **State Co-operative Banks (StCBs)**, and **All-India Financial Institutions (AIFIs)** to extend benefits to eligible exporters.
- **Eligible MSMEs** include all **manufacturer exporters** and **merchant exporters** holding a valid **Importer Exporter Code (IEC)** and **MSME Udyam Registration Number (URM)**.
- The **interest subvention rate** is **2.75% per annum (p.a)** on **pre- and post-shipment rupee export credit** for MSMEs.
- An **MSME exporter** may receive a **maximum subvention benefit** of **Rs 50 lakh** for **FY26**.
- The **Collateral Support Component** of **NIRYAT PROTSAHAN** aims to address **collateral constraints** and improve access to bank finance for MSME exporters.
- Under this, **collateral guarantee support** is provided in partnership with the **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**.
- **Guarantee coverage**: Up to **85% for MSEs** and **65% for Medium exporters**, with a **maximum outstanding guaranteed exposure** of **Rs 10 crore** per exporter per financial year.
- The **RBI** has issued **operational guidelines** only for the **Interest Subvention component** of **NIRYAT PROTSAHAN**.

About Export Promotion Mission :

- The **Export Promotion Mission (EPM)** is jointly implemented by the **Department of Commerce (DoC)**, **Ministry of MSME**, and **Ministry of Finance (MoF)**, with a **total outlay** of **Rs 25,060 Cr** for **FY26 to FY31**.
- It is implemented collaboratively by the **Department of Commerce**, the **Ministry of Micro, Small, and Medium Enterprises (MSME)**, the **Directorate General of Foreign Trade (DGFT)**, and the **Ministry of Finance**.
- **EPM** has two integrated sub-schemes:
- **NIRYAT PROTSAHAN** – focuses on enabling access to **affordable and diversified trade finance**.
- **NIRYAT DISHA** – supports **non-financial enablers** such as **market access**, **branding**, **regulatory compliance**, **logistics**, and **trade intelligence**.

Reserve Bank of India Releases Report on State Finances 2025–26 Highlighting Demographic Transition Impacts

- The **Reserve Bank of India (RBI)** released the report **"State Finances: A Study of Budgets of 2025–26"**, themed **"Demographic Transition in India – Implications for State Finances."**
- The report assesses **State government finances** for **2025–26** using actual data for **2023–24** and revised/provisional estimates for **2024–25**.
- States' **consolidated gross fiscal deficit** rose to **3.3% of GDP** in **2024–25**, crossing the **3% mark** mainly due to **50-year interest-free loans** from the Centre under **Special Assistance to States for Capital Investment**, and is budgeted at **3.3%** again in **2025–26**.
- **16 states** have budgeted for a **fiscal deficit of more than 3%** of their **GSDP** in **2025–26**, with **13** of them projecting it **higher than 3.5%**.
- **Capital expenditure** by States remained strong at **2.7% of GDP** in both **2023–24** and **2024–25**, supporting long-term growth, and is budgeted at **3.2% of GDP** in **2025–26**.
- The **consolidated outstanding liabilities** of States remained elevated with a **budget estimate of 29.2% of GDP** at **end-March 2026**.
- Indian States are at different stages of **demographic transition**, shaping their finances. **Youthful States** benefit from an **expanding working-age population** and **stronger revenue mobilisation**.
- **Ageing States** face **fiscal pressures** due to a **shrinking tax base** and **rising committed expenditure**, requiring **reforms in healthcare, pensions, and workforce policies**.
- **Intermediate States** need to balance **growth priorities** with early preparation for **ageing populations**.

Recent News :

- In Jan 2026, The **Reserve Bank of India (RBI)** issued the **Reserve Bank – Integrated Ombudsman Scheme (RB-IOS) 2026** to simplify and strengthen **grievance redressal** for customers of banks and financial institutions.

Reserve Bank of India Issues 2026 Amendment Directions on CRR and SLR for Commercial Banks

- The **Reserve Bank of India (RBI)** issued **amendment directions** for **Cash Reserve Ratio (CRR)** and **Statutory Liquidity Ratio (SLR)** applicable to **commercial banks**, updating the **2025 directions**.
- The **amendments** came into **immediate effect** and are based on recent changes in **banking laws** and **regulations** made in **2025**.
- **RBI** added a reference to **"other development financial institutions"** in the **CRR–SLR rules**, as defined under the **RBI Act, 1934**.
- **Reporting formats** have been updated to clearly include institutions like **National Housing Bank (NHB)**, **SIDBI**, and **NaBFID**, replacing older references such as **IDBI**.
- The **amendments** are **procedural and clarificatory** only and **do not change** the existing **CRR or SLR rates** for banks.

Reserve Bank of India Issues Guidelines for Interest Subvention on Pre- and Post-Shipment Export Credit under Niryat Protsahan

- The **Government of India** has launched an **Interest Subvention Scheme** for **pre- and post-shipment export credit** under the **Export Promotion Mission (EPM) – Niryat Prothsahan**, on a **pilot basis**.
- The **objective** of the scheme is to **reduce the cost** of **rupee export credit** and improve **access to export finance** for **MSME exporters**.
- **Eligible lending institutions** include all **Scheduled Commercial Banks** (excluding RRBs), **Primary Urban Co-operative Banks**, **State Co-operative Banks**, and **All-India Financial Institutions**.
- **Eligible beneficiaries** are **MSME manufacturer exporters** and **merchant exporters** holding a valid **Importer Exporter Code (IEC)** and **Udyam Registration Number (URM)**.
- Eligibility of **exports** is determined based on **tariff lines** specified at the **six-digit level** of the **Harmonised System of Nomenclature (HSN)**.
- An **interest subvention** of **75% per annum** is available on eligible **pre- and post-shipment rupee export credit**, with a **maximum benefit** per MSME exporter capped at **₹50 lakh** for **FY 2025-26**.
- The scheme introduces **collateral guarantee support** in partnership with the **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**.
- **Guarantee coverage** is up to **85% for MSEs** and up to **65% for Medium exporters**, with a **maximum outstanding guaranteed exposure** of **₹10 crore** per exporter in a financial year.
- The **EPM** is jointly implemented by the **Department of Commerce (DoC)**, **Ministry of MSME**, and **Ministry of Finance (MoF)**, with a **total outlay** of **₹25,060 crore** for the period **FY26 to FY31**.

Reserve Bank of India Flags PSL Compliance Gaps at HDFC Bank and ICICI Bank over Agricultural Loan Misclassification

- The **Reserve Bank of India (RBI)** flagged deficiencies in **Priority Sector Lending (PSL)** compliance at **HDFC Bank** and **ICICI Bank** during its **annual supervisory review**, mainly due to **misclassification** of **agricultural loans**.
- **RBI** directed **ICICI Bank** to make a **one-time additional provision** of **₹1,283 crore** and **HDFC Bank** to provide **₹500 crore** as a **regulatory corrective measure**, despite no immediate **asset quality stress**.
- The regulator found parts of the **agriculture loan portfolios** exceeded the prescribed **"scale of finance"** limits, indicating loans used for **non-farm purposes** were still classified as **agricultural PSL**.
- The **RBI annual supervisory review** assesses **compliance** with **regulatory norms**, including **priority sector targets** and **reporting accuracy**.
- Under current rules, banks must lend **40%** of **adjusted net bank credit** to **priority sectors**, with **18%** of this target earmarked for **agriculture**.
- **Shortfalls** in **PSL targets** lead to **penalties** or **corrective actions**, with penalties credited to the **Rural Infrastructure Development Fund (RIDF)**.

Reserve Bank of India and European Securities and Markets Authority Sign Memorandum of Understanding to Cooperate on Central Counterparties Regulation

- The **Reserve Bank of India (RBI)** and the **European Securities and Markets Authority (ESMA)** signed a **Memorandum of Understanding (MoU)** on **January 27, 2026**, for cooperation and information exchange related to **Central Counterparties (CCPs)** regulated by RBI.
- This MoU replaces the earlier agreement signed on **28 February 2017**, which had lapsed, updating the framework for **supervisory cooperation** between the two authorities.
- The agreement enables **RBI and ESMA** to cooperate on oversight of **CCPs** in accordance with their respective **legal and regulatory frameworks**, resolving a long-standing impasse.
- The MoU establishes a framework for **ESMA to rely on RBI's regulatory and supervisory activities** for Indian clearing houses (like **CCIL**), while safeguarding **EU financial stability**.
- The agreement strengthens **India–EU financial market linkages** and reinforces **global coordination** in the regulation of critical **financial market infrastructures**.
- The MoU was signed by **Vivek Deep**, Executive Director of **RBI**, and **Verena Ross**, Chair of **ESMA**.
- The agreement demonstrates the importance of **cross-border cooperation** to facilitate **international clearing activities**, potentially reducing capital charges for European banks operating in India.

Reserve Bank of India Issues Priority Sector Lending Amendment Directions 2026 to Align Framework with Updated 2025 Norms

- The **Reserve Bank of India (RBI)** issued the **Priority Sector Lending** (**PSL) (Targets and Classification) Amendment Directions, 2026**, to align the **Priority Sector Lending (PSL)** framework with updated capital adequacy, credit risk transfer, securitisation, and regulatory norms notified in 2025.

Key Highlights :

- **PSL targets** remain unchanged for most banks, with **Domestic Commercial Banks** and **Foreign Banks (20+ branches)** required to lend **40% of ANBC/CEOBSE**, Foreign Banks with **fewer than 20 branches** also at **40%** (with **export credit capped at 32%**), and **Regional Rural Banks (RRBs)** at **75%**, subject to a **15% cap** for **Medium Enterprises, Social Infrastructure, and Renewable Energy**.
- **Small Finance Banks (SFBs)** PSL target has been revised to **60% of ANBC or CEOBSE** (whichever is higher), replacing the earlier **75% requirement**.
- The **National Co-operative Development Corporation (NCDC)** has been included as an **eligible on-lending entity** for PSL, subject to **quarterly certification** by a **CAG-empanelled auditor**, applicable to loans sanctioned after **19 January 2026**.
- **On-lending** to **NBFCs, MFIs, HFCs, and NCDC** is capped at **5%** of a bank's total PSL of the previous financial year, calculated on a **four-quarter average**, with **mandatory auditor certification** to prevent **double counting**.
- **Health Infrastructure Loans** up to **₹12 crore per borrower** for setting up healthcare facilities in **Tier II to Tier VI centres** are eligible for PSL; for **Urban Co-operative Banks (UCBs)**, this applies to **Category 'D' centres** with population **below 1 lakh**.
- There are **four kinds** of **Priority Sector Lending Certificates (PSLCs)**:
  1. **PSLC Agriculture** – counts towards **total agriculture** lending target.
  2. **PSLC SF/MF** – counts towards sub-target for **Small and Marginal Farmers**.
  3. **PSLC Micro Enterprises** – counts towards sub-target for **Micro Enterprises**.
  4. **PSLC General** – counts towards **overall priority sector**
- Banks may issue **PSLCs** up to **50%** of the previous year's PSL achievement **without underlying assets**, provided they meet targets at year-end; all PSLCs **expire on 31 March**.
- Bank credit to **NHB-approved HFCs** for refinance, on-lending, slum clearance, or rehabilitation of slum dwellers qualifies as PSL under **Housing**, subject to an aggregate loan cap of **₹20 lakh per borrower**.
- For **Self-Help Groups (SHGs)** and **Joint Liability Groups (JLGs)**, the **₹50,000 limit** applies **per individual member**, not at the group level.
- Certain districts in **Rajasthan** have been removed from priority sector annexures, including **Neem Ka Thana** (Annex IA) and **Gangapur City, Jodhpur Rural, and Sanchore** (Annex IB).
- The Directions apply to all **Commercial Banks** [including **RRBs, SFBs, Local Area Banks (LABs)**] and **Primary (Urban) Co-operative Banks (UCBs)**, except **Salary Earners' Banks**.

- The **priority sector** includes **Agriculture, MSMEs, Export Credit, Education, Housing, Social Infrastructure, Renewable Energy, and Others**.
- Banks can issue **unsecured, rupee-denominated bonds** with minimum maturity of **7 years**, which are **excluded from CRR and SLR requirements**.
- Banks (excluding UCBs under all-inclusive directions) that fall short of prescribed PSL targets or sub-targets must contribute specified amounts to **RIDF** and other funds with **NABARD, NHB, SIDBI, or MUDRA Ltd.**, on terms decided by RBI.
- The **interest rate** on deposits made by banks into **RIDF** and other funds depends on the extent of shortfall, ranging from **Bank Rate minus 2%** to **Bank Rate minus 4%**.

Reserve Bank of India Notifies Revised Integrated Ombudsman Scheme to Strengthen Complaint Resolution from 1 July 2026

- The **Reserve Bank of India (RBI)** issued the revised **Integrated Ombudsman Scheme**, which will come into effect from **1 July 2026**, to strengthen the **RBI Ombudsman framework** and improve efficiency in **complaint resolution**.
- The Scheme is issued under **Section 35A** of the **Banking Regulation Act, 1949**, **Section 45L** of the **RBI Act, 1934**, **Section 18** of the **Payment and Settlement Systems Act, 2007**, and **Section 11** of the **Credit Information Companies (Regulation) Act, 2005**.

Key Highlights :

- The Scheme applies to all **Commercial Banks, Regional Rural Banks (RRBs), State Co-operative Banks, Central Co-operative Banks**, and **Scheduled/Non-Scheduled Primary (Urban) Co-operative Banks** with a **deposit size of ₹50 crore or more**, as per the last audited balance sheet.
- It covers **Non-Banking Financial Companies (NBFCs)** authorised to **accept deposits**, excluding HFCs, CICs, IDF-NBFCs, NBFC-IFCs, NOFHCs, Primary Dealers, and Mortgage Guarantee Companies.
- The Scheme also applies to **NBFCs** with a **customer interface** and an **asset size of ₹100 crore or above**, as per the previous year's audited balance sheet.
- All **non-bank Prepaid Payment Instrument (PPI) issuers** and **Credit Information Companies (CICs)** fall under the scope of the Scheme.
- The **RBI** may appoint one or more officers as **RBI Ombudsman** and **RBI Deputy Ombudsman** for a tenure of generally **three years** to perform functions under the Scheme.
- The **RBI** shall establish **Centralised Receipt and Processing Centres** at one or more locations to receive and process complaints filed under the Scheme.
- There is **no monetary limit** on the value of **disputes** that can be taken up under the Scheme.
- The **RBI Ombudsman** can award compensation up to **₹30 lakh** for **consequential losses** suffered by the complainant.
- Additionally, compensation up to **₹3 lakh** may be granted for **loss of time, expenses, harassment, or mental anguish**.
- The **RBI** will publish an **annual report** on the functioning and performance of the Ombudsman Scheme in the **public interest**.
- Any customer aggrieved by **deficiency in service** due to an act or omission of a **Regulated Entity** may file a complaint directly with the **RBI Ombudsman**, either personally or through an **authorised representative** (except an **advocate**, unless the advocate is the aggrieved person).
- The complaint must **first be lodged** with the concerned **Regulated Entity** and can be taken to the **RBI Ombudsman** only if **no reply** is received within **30 days** or if the reply is **unsatisfactory**.
- Complaints must be filed with the **RBI Ombudsman** within **90 days** from the expiry of the response timeline or from the last communication received from the **Regulated Entity**, whichever is later.
- Upon receipt of acceptance, the **Regulated Entity** must **comply** with the **Award** or file an appeal with the **Appellate Authority** within **30 days**.
- Each **Regulated Entity** is required to appoint a **Principal Nodal Officer (PNO)** at its Head Office, not below the rank of **General Manager** or equivalent, to represent the entity and furnish information on complaints.

Reserve Bank of India Notifies Foreign Exchange Management Regulations 2026, Replacing 2015 Rules Effective 1 October, 2026

- The **Reserve Bank of India (RBI)** has notified the **Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026**, replacing the 2015 regulations, effective from **1 October 2026**.
- Exporters of **goods** must submit an **Export Declaration Form (EDF)** at the **time of export**, while exporters of **services** must submit the EDF within **30 days** from the end of the month of invoicing, with flexibility for consolidated or delayed submissions subject to **Authorised Dealer**

- Export proceeds must generally be **realised and repatriated** within **15 months**, extended to **18 months** for **INR-invoiced exports**, with **Authorised Dealer banks** empowered to grant extensions on valid grounds.
- **Authorised Dealers** are required to formulate comprehensive **internal policies and SOPs**, ensure transparent charges, proper delegation of powers, grievance redressal mechanisms, and **public disclosure** of procedures on their websites.
- **Simplified closure** of **EDPMS** (Export Data Processing and Monitoring System) and **IDPMS** (Import Data Processing and Monitoring System) entries is allowed for transactions up to **₹10 lakh** based on **exporter/importer self-declarations**.
- **RBI** stated that the directions have been issued under the provisions of the **Foreign Exchange Management Act (FEMA), 1999**.

Reserve Bank of India Proposes Changes to Banks' FX Exposure Framework and Capital Requirements for FX Risk

- The **Reserve Bank of India (RBI)** has proposed changes to the framework for calculating banks' **net foreign exchange (FX) exposure** and the **capital requirements** for **FX risk**.
- The objective of the proposals is to align India's **FX risk norms** with **global standards** (Basel Committee) and ensure **uniform implementation** across all **regulated entities**.
- Under the proposed framework, banks must maintain a **minimum capital charge of 9%** on their **net open foreign exchange positions**.
- The revised rules mandate that **FX risk capital** be maintained at the **close of each business day**, thereby strengthening **daily risk management**.
- The **RBI** has invited **public feedback** on the proposals, which are proposed to come into effect from **1 April 2027**.

Reserve Bank of India May Postpone Mandatory Climate Risk Reporting for Banks

- The **Reserve Bank of India (RBI)** has put on hold plans to require **domestic banks** to disclose and manage **climate-related risks**.

Key Highlights :

- Globally, understanding **climate-related risks** and **green investments** is key to transitioning to a **low-carbon economy**, with countries like the **United Kingdom (UK) and Japan** making disclosures mandatory for financial institutions.
- **RBI's proposed climate disclosure norms**, under discussion with banks since **2022**, would have required regular disclosure of **climate-related risks** in **loan portfolios**, along with **mitigation strategies and targets**.
- **Draft rules** published in **2022** proposed **voluntary implementation** starting **FY2027 (April 1, 2027)**.
- **RBI** decided to delay final guidelines, citing that **climate disclosure** is not a priority and that implementation could be **costly and onerous** for corporates lacking **mandatory climate reporting**.
- Separately, **RBI** has proposed guidelines for **banks and regulated entities** to implement **resolution plans** during **natural calamities**.
- The **draft norms** would have required banks to calculate **gross emissions of borrowers**, disclose by **asset classes and industries**, and analyse the impact of **adverse climate events** on borrowers' **repayment ability**.
- Implementation could have led to **higher loan pricing** for **emission-heavy sectors** and borrowers in **climate-sensitive zones**.
- **India** ranks **ninth globally** in **climate vulnerability** according to the **Germanwatch Global Climate Risk Index 2026**, which tracked **1995–2024** extreme weather events.
- During this period, **India** experienced **430 extreme weather events**, resulting in over **80,000 deaths** and **economic losses** of around **$170 billion**, exposing lenders to **credit risks**.