



# RBI CIRCULAR

**APRIL 2026**



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## RBI Circular April 2026

**Reserve Bank of India imposes ₹95.4 lakh penalty on Union Bank of India for lapses in customer protection and Income Recognition, Asset Classification and Provisioning compliance**

- The Reserve Bank of India (RBI) imposed a monetary penalty of ₹95.40 lakh on Union Bank of India for regulatory non-compliance.
- The violations were related to RBI directions on “Limiting Liability of Customers in Unauthorised Electronic Banking Transactions” and “Automation of Income Recognition, Asset Classification and Provisioning (IRACP)”.
- The penalty was imposed under Section 47A(1)(c) read with Sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949.
- The first violation was the failure to credit (shadow reversal) the amount of unauthorised electronic transactions within 10 working days of customer notification.
- The second violation was the non-availability of 24×7 facility through multiple channels for reporting unauthorised electronic transactions, violating customer protection guidelines.
- The third violation involved manual intervention in system-based asset classification in certain Kisan Credit Card (KCC) accounts, violating IRACP norms.
- These lapses highlight the importance of strict compliance with RBI digital banking security and asset classification frameworks.

**About Union Bank of India (UBI):**

- Founded Year: 1919
- Headquarters: Mumbai, Maharashtra, India
- MD & CEO: Asheesh Pandey
- Slogan: "Good People to Bank With"

**Reserve Bank of India Releases Payments Vision 2028 to Boost India's Digital Payment Ecosystem**

- The Reserve Bank of India (RBI) has unveiled its ‘Payments Vision 2028’, titled ‘Shaping India's Payment Frontier’, aimed at strengthening and expanding India's rapidly growing digital payments ecosystem.

**Key Highlights :**

- The RBI has been periodically issuing the Payments Vision framework since 2001, and the latest 2028 vision provides a 3-year roadmap up to December 2028 for improving India's payment infrastructure and digital economy.
- The vision focuses on user empowerment, fraud prevention, cross-border payment efficiency, and ease of doing business, while strengthening trust, operational resilience, and global competitiveness of India's payment systems.
- It contains 15 key initiatives designed to modernize and secure India's digital payment ecosystem and support the country's position as a global leader in real-time digital transactions.



- A key proposal is the **switch on/off facility** for digital payments, enabling users to **control transactions** and strengthen **fraud prevention and security mechanisms**.
- **RBI** has introduced a **Shared Responsibility Framework (SRF)** to define **fraud liability sharing** between **issuing and beneficiary institutions**, enhancing **consumer protection and confidence**.
- The vision includes an improved **cross-border (CB) payment framework** with a **single-window authorization system**, aimed at making **international payments** faster, cheaper, and more efficient under **Payment and Settlement Systems Act** and **FEMA regulations**.
- The **RBI** also aims to strengthen **bank account portability** through the proposed **Payments Switching Service (PaSS)**, enabling **seamless transfer of standing instructions, EMIs, salaries, utility payments, and investment mandates**.
- The need for **account portability** arises due to “**sticky accounts**,” where customers remain with one bank because of multiple **linked transactions** such as salary credits, EMIs, and bill payments.
- The **PaSS system** will **centralize all payment mandates**, allowing customers to easily **manage and transfer** them when **switching banks**, improving **customer convenience and financial flexibility**.
- The **RBI** is also focusing on **Trade Receivables Discounting System (TReDS) interoperability**, which will improve **invoice financing efficiency** and support **liquidity for MSMEs**.
- A major focus area is **enhancing cross-border payment systems**, making them **faster, cheaper, and more accessible** while integrating India’s systems with **global frameworks** such as those promoted by the **G20**.
- The vision also supports **alignment** of India’s payment systems with **global standards** and explores **integration** with **digital currencies** and **international payment networks**.
- Overall, the **Payments Vision 2028** marks a shift from **expansion** to improving the **quality, usability, security, and global integration** of India’s payment ecosystem, strengthening its role as a **global leader in digital financial infrastructure**.

### Reserve Bank of India Imposes ₹31.80 Lakh Penalty on Airtel Payments Bank for Non-Compliance with Disclosure Norms in Financial Statements

- The **Reserve Bank of India (RBI)** has imposed a **monetary penalty of ₹31.80 lakh** on **Airtel Payments Bank Limited** for **non-compliance** with certain provisions of the directions issued by **RBI** on ‘**Disclosure in Financial Statements**’.
- This penalty has been imposed in exercise of powers conferred on **RBI** under the provisions of **section 47A(1)(c)** read with **section 46(4)(i)** of the **Banking Regulation Act, 1949**.
- The **Statutory Inspection for Supervisory Evaluation (ISE 2025)** of the bank was conducted by **RBI** with reference to its **financial position** as on **March 31, 2025**.
- Based on **supervisory findings of non-compliance** with **RBI directions**, a **notice** was issued to the bank advising it to **show cause** as to why penalty should not be imposed.
- After considering the **bank’s reply**, additional submissions, and **oral submissions** during the **personal hearing**, **RBI** found that the charge was sustained.
- The specific violation involved the **non-disclosure of certain complaints** in its **annual financial statements** for the **financial year 2024-25**.
- The action is based on **deficiencies in regulatory compliance** and is **not intended to pronounce upon the validity** of any **transaction or agreement** entered into by the bank with its **customers**.
- Further, imposition of **monetary penalty** is **without prejudice** to any other action that may be initiated by **RBI** against the bank.

**Recent News :**

- In March 2026, The **Reserve Bank of India (RBI)** imposed a **monetary penalty of ₹58.50 lakh** on **Bank of India** for **regulatory non-compliance**.

**Reserve Bank of India imposes ₹63.60 lakh penalty on Central Bank of India for regulatory non-compliance**

- The **Central Bank of India** has imposed a **monetary penalty of ₹63.60 lakh** by the **Reserve Bank of India (RBI)**.
- The penalty was imposed for **non-compliance** with **RBI directions** on **Know Your Customer (KYC)** and **Basic Savings Bank Deposit Account (BSBDA)** norms under **Financial Inclusion guidelines**.
- The action was taken under **Section 47A(1)(c)** read with **Sections 46(4)(i)** and **51(1)** of the **Banking Regulation Act, 1949**, empowering **RBI** to impose penalties for **regulatory violations**.
- The **Statutory Inspection for Supervisory Evaluation (ISE 2025)** was conducted with reference to the bank's **financial position** as on **31 March 2025**.
- Based on **supervisory findings**, **RBI** issued a **show-cause notice** after identifying **non-compliance** with **regulatory directions**.
- After reviewing the bank's reply and **oral submissions**, **RBI** confirmed the following **major violations**:
  - **Failure to upload KYC records** of certain customers to the **Central KYC Records Registry** within the **prescribed timeline**.
  - **Opening of multiple Basic Savings Bank Deposit Accounts (BSBDA)** for the same customers, **violating guidelines**.
  - **RBI clarified** that the penalty is based on **deficiencies in statutory compliance** and **does not affect the validity** of customer **transactions or agreements**.
- The action is **without prejudice** to any other **regulatory action** that may be initiated by **RBI** against the bank in future.

**About Central Bank of India :**

- Founded : 21 December 1911
- Headquarters : Mumbai, Maharashtra, India
- MD & CEO : Kalyan Kumar

**Reserve Bank of India Defers Implementation of Revised Capital Market Exposure Framework to July 01, 2026**

- The **Reserve Bank of India (RBI)** has **extended the implementation** of its revised **Capital Market Exposure (CME) framework** by **3 months**, now effective from **1 July 2026** instead of 1 April 2026.
- The **revised framework** was originally issued in **February 2026** through **RBI Amendment Directions on CME**.
- The framework aims to create an **enabling system** for banks to **finance acquisitions** by **Indian corporates**.
- It also seeks to **rationalize lending limits** against **shares, REITs, InvITs**, and other securities.
- A **principle-based framework** for **lending to Capital Market Intermediaries (CMIs)** has also been introduced.

- RBI has revised the definition of “**acquisition finance**”, which now includes **mergers and amalgamations**.
- **Acquisition finance** can now be extended only for **acquiring control over non-financial target companies**.
- Under new rules, **limits** have been introduced on **loans against securities** across the banking system.
- The **borrowing limits** are set at **₹1 crore per individual** for general loans against securities.
- For **capital market-linked purposes**, limits include **₹25 lakh** for **IPO loans, FPOs, and ESOP subscriptions**.
- The changes aim to strengthen **risk management, financial discipline, and capital market lending regulation** in the banking system.

#### Recent News :

- In March 2026, The **Reserve Bank of India (RBI)** unveiled its ‘**Payments Vision 2028**’, titled ‘**Shaping India’s Payment Frontier**’, aimed at strengthening and expanding India’s rapidly growing digital payments ecosystem.

#### Reserve Bank of India launches pilot Benchmark Issuance Strategy for state borrowings across 9 states

- The **Reserve Bank of India (RBI)** has introduced the **Benchmark Issuance Strategy (BIS)** for **state government market borrowings** on a **pilot basis** from FY27.
- The **pilot covers 9 States: Andhra Pradesh, Bihar, Chhattisgarh, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Telangana, and Uttar Pradesh**.
- Under **BIS**, states will issue **State Development Loans (SDLs)** in specific **benchmark tenor buckets** as per a **pre-announced borrowing calendar**.
- The objective of **BIS** is to **enhance transparency, liquidity, and price discovery** in the **SDL market**.
- The **total market borrowing** by States/UTs for **Q1 FY27** is estimated at around **₹2.54 lakh crore**, lower than **₹2.73 lakh crore** in **Q1 FY26**.
- Of this, the **9 BIS states** will collectively borrow about **₹1.54 lakh crore**, while the remaining **states/UTs** will borrow around **₹1.00 lakh crore**.
- The **borrowing estimate of ₹2.54 lakh crore (₹2,54,509 crore)** is **lower than market expectations** of **₹2.75–3 lakh crore**.
- **RBI**, acting as **cash and debt manager for states**, has encouraged adoption of **BIS** to provide **greater clarity to investors**.
- The **impact of BIS** on **borrowing costs** is expected to be **gradual**, but **positive** for improving **market efficiency**.
- The **strategy** is likely to be **adopted by other States/UTs** in future, **expanding its scope** beyond the **pilot phase**.

#### Reserve Bank of India data shows Current Account and Savings Account ratio declines to 37.9%, a two-year low in December 2025 quarter

- The **Reserve Bank of India (RBI)** reported that the **Current Account and Savings Account (CASA) ratio** declined to a **2-year low of 37.9%** in the **December 2025 quarter**, compared to **40.1% in December 2023**.
- **CASA (Current Account Savings Account) ratio** represents the proportion of **low-cost deposits** (current + savings accounts) in a bank’s **total deposits**.

- The decline was mainly due to a **fall in savings account deposits**, whose share dropped by **210 basis points to 28.9%**.
- **Depositors** are shifting towards **higher-yielding investment options** such as **equities, Mutual Funds (MFs), and gold**, indicating a **slowdown in deposit mobilisation**.
- **Total bank deposits** grew by **10% Year-on-Year (YoY)** to **₹239.8 lakh crore**.
- **Savings deposits** increased by **8% YoY** to **₹69.4 lakh crore**, while **current account deposits** grew by **10% YoY** to **₹21.4 lakh crore**.
- **Certificates of Deposit (CD)** issuances reached a **record ₹15.5 lakh crore in FY26**, showing a **17% YoY growth**.
- **Banks** are increasingly relying on **market borrowings (CDs)** to support **credit growth**, amid **declining CASA share**.

### Reserve Bank of India Imposes ₹10.30 Lakh Penalty on Exclusive Capital Limited for Non-Compliance with Leverage Ratio and Reporting Norms

- Reserve Bank of India (RBI) imposed a **monetary penalty of ₹10.30 lakh** on **Exclusive Capital Limited**.
- The penalty was imposed for **non-compliance** with RBI directions related to **leverage ratio, filing of supervisory returns, and submission of balance sheet**.
- Action was taken under the provisions of the **Reserve Bank of India Act, 1934**, specifically **Sections 58G(1)(b) and 58B(5)(aa)**.
- The company was found to have **breached the permissible leverage ratio limit**, violating **RBI regulatory norms**.
- It also failed to **submit supervisory returns on time**, as required under **RBI guidelines**.
- Additionally, the company did not **furnish its balance sheet** within the **stipulated period**, leading to **regulatory action**.
- The penalty followed **offsite analysis, correspondence, and a show-cause notice**, after which **RBI confirmed the violations**.
- **RBI clarified** that the action is based on **regulatory compliance deficiencies** and does not comment on the **validity of transactions** or agreements of the company.
- The **penalty** is without prejudice to any **further action** that may be initiated by **RBI** in future against the company.

### Recent News :

- In April 2026, The **Reserve Bank of India (RBI)** imposed a **monetary penalty of ₹31.80 lakh** on **Airtel Payments Bank Limited** for **non-compliance** with certain provisions of the directions issued by **RBI** on '**Disclosure in Financial Statements**'.

### Reserve Bank of India Keeps Foreign Portfolio Investor Investment Limits in Government Securities, State Government Securities and Corporate Bonds Unchanged for FY 2026-27

- The **Reserve Bank of India (RBI)** has kept the **Foreign Portfolio Investor (FPI) investment limits** in **Government Securities (G-Secs), State Government Securities (SGSs), and Corporate Bonds** unchanged for **FY 2026-27**.
- The limits remain at **6% for G-Secs, 2% for SGSs, and 15% for corporate bonds** of the outstanding stock of securities.
- The **RBI** confirmed that the **Fully Accessible Route (FAR)** will continue, allowing **unrestricted investment** in specified government securities by eligible FPIs.

- The allocation of **incremental changes** in G-Sec limits between **General and Long-term sub-categories** has been retained at a **50:50 ratio** for **FY 2026–27**.
- Any increase in **State Government Securities (SGS)** limits will be **fully allocated** to the **General category**
- The **RBI** has also retained the **investment framework harmonisation**, bringing the **Voluntary Retention Route (VRR)** in line with the **General route limits**.
- The limit for **Credit Default Swaps (CDS)** sold by FPIs has been capped at **5% of corporate bond outstanding stock**.
- An **additional limit of ₹3.30 lakh crore** has been set for **CDS exposure** in **FY 2026–27**.
- The **total permissible FPI debt investment** for **April–September 2026** is **₹15,51,646 crore**, increasing to **₹16,32,640 crore** for **October 2026–March 2027**.
- The **RBI's decision** ensures **policy continuity, market stability**, and a **predictable foreign investment framework** in India's debt market.

### Reserve Bank of India Cancels Licence of The Shirpur Merchants' Co-operative Bank Limited. for Regulatory Non-Compliance

- The **Reserve Bank of India (RBI)** cancelled the licence of **The Shirpur Merchants' Co-operative Bank Ltd., Shirpur** and the bank **ceased operations** from **April 06, 2026**.
- The action was taken under **Section 22** read with **Section 56** of the **Banking Regulation Act, 1949** due to **non-compliance** with regulatory norms.
- The bank was found to have **inadequate capital** and **weak earning prospects**, violating provisions of the **Banking Regulation Act, 1949**.
- It also failed to comply with **multiple requirements** under **Section 22 (3)(a), (b), (c), (d), and (e)** of the Act.
- The **RBI** stated that continuation of the bank would be **prejudicial to depositors' interests** and against **public interest**.
- The bank is now **prohibited** from carrying out **banking activities**, including **accepting and repaying deposits**.
- Following licence cancellation, the bank will undergo **winding up and liquidation**, with a **liquidator** to be appointed by **Maharashtra Cooperative authorities**.
- Depositors are protected under the **Deposit Insurance and Credit Guarantee Corporation (DICGC)**
- Each depositor is eligible for **insurance cover up to ₹5 lakh**, as per the **DICGC Act, 1961**.
- Around **99.7% of depositors** will receive the **full insured amount** of their deposits.
- As of **January 31, 2026**, **DICGC** had already paid **₹48.95 crore** towards **insured deposits** based on eligible claims.

### Reserve Bank of India Proposes Revamp of Business Correspondent Model to Strengthen Last-Mile Banking and Financial Inclusion

- The **Reserve Bank of India (RBI)** has proposed a **revamp of the Business Correspondent (BC) model** to strengthen **last-mile banking delivery** and **financial inclusion**.

#### Key Highlights :

- The draft framework introduces a **three-tier banking delivery structure**: **Bank Branches, Business Correspondent–Banking Outlets (BC-BO)**, and **Business Correspondent–Banking Touchpoints (BC-BT)**.



- The **RBI** has proposed **classification of BCs into two categories (BC-BO and BC-BT)** based on their functions, service scope, and operational structure, along with **uniform wage and remuneration standards**.
- **BC-BOs** will function as **fixed-point service units**, offering **branch-like banking services with minimum working hours of 4 hours per day** for at least **5 days a week**.
- In contrast, **BC-BTs** will operate **without fixed timings** and will handle **smaller-value transactions only**, providing flexible and limited banking services.
- Both **BC-BOs and BC-BTs** will work **exclusively for a single bank**, ensuring **better control and accountability** in service delivery.
- The **RBI** has also proposed **uniformity in commission and remuneration structures**, where **BC-BOs will receive fixed + variable pay**, while **BC-BTs will receive only variable payouts**.
- The **Indian Banks' Association (IBA)** will design a **benchmark-linked remuneration framework**, with incentives partly based on **customer satisfaction levels**.
- The draft norms propose including **Business Facilitators (BFs)** under the **BC framework and phasing out the BF category by September 30, 2026**, requiring transition into the BC system.
- Banks will be required to conduct **strict due diligence on BCs**, including **financial strength, governance standards, and operational capability assessments** before onboarding.
- The draft is based on recommendations of a **multi-agency committee** comprising **RBI, Department of Financial Services (DFS), IBA, and NABARD**, aimed at improving efficiency and financial inclusion delivery mechanisms.
- The move comes amid a **decline in BC outlets in rural areas**, which fell to **11 lakh in FY25 from 15.48 lakh in FY24**, highlighting the need for strengthening **last-mile banking infrastructure**.

#### Recent News :

- In April 2026, The **Reserve Bank of India (RBI)** kept the **Foreign Portfolio Investor (FPI) investment limits in Government Securities (G-Secs), State Government Securities (SGSs), and Corporate Bonds** unchanged for **FY 2026-27**.

#### Reserve Bank of India Issues New Guidelines to Accelerate Inward Cross-Border Remittances and Reduce Banking Delays

- The **Reserve Bank of India (RBI)** has directed banks to **speed up cross-border inward payments by eliminating processing delays**.
- **RBI** observed that many banks rely on **end-of-day nostro account reconciliation**, which leads to **delays in crediting beneficiary accounts**.
- Banks are now required to perform **frequent reconciliation of nostro accounts**, preferably on a **near real-time basis**, with intervals **not exceeding one hour**.
- **Inward remittances** received during **foreign exchange market hours** must be **credited to customers on the same business day**, and those received after market hours must be credited on the **next business day**.
- Banks must **immediately inform customers** upon receiving **cross-border payment messages**, or at the start of the **next working day** if received after business hours.
- **RBI** has also directed banks to provide a **digital interface for forex transactions**, including **document submission and transaction tracking**.
- These measures align with **Payments Vision 2025** and **G20 objectives** of ensuring **faster, cheaper, and more transparent** cross-border payments.
- The **guidelines** will come into effect after a **6-month implementation period**.

**Recent News :**

- In April 2026, The **Reserve Bank of India (RBI)** proposed a **revamp of the Business Correspondent (BC) model** to strengthen **last-mile banking delivery** and **financial inclusion**.

**Reserve Bank of India Frequently Asked Questions on Digital Rupee (₹)**

- **Digital Rupee (₹)** is India's **Central Bank Digital Currency (CBDC)** issued by the **Reserve Bank of India** and is the **digital form** of physical currency (₹) with **equal value (at par)** to cash.

**Key Highlights :**

- ₹ provides features similar to **physical cash**, including **convenience, safety, and ease of use** in digital transactions.
- ₹ can be stored and transacted through **₹ wallets** for **person-to-person (P2P)** and **person-to-merchant (P2M)**
- An **₹ wallet** is a **digital wallet** on mobile devices offered by **banks and non-banks** under the **retail CBDC pilot**.
- The **RBI issues ₹ electronically** to banks and non-banks, which are responsible for **customer onboarding** and **wallet creation**.
- ₹ can be **loaded, redeemed, and transferred 24×7** between bank accounts and **₹ wallets** by users and merchants in the pilot system.
- There is **no minimum balance requirement** for maintaining an **₹ wallet**, and it is currently **linked to savings accounts**.
- ₹ is available in the **same denominations** as physical currency ensuring **uniformity** with cash usage.
- ₹ supports **decimal/fractional transactions** with payments allowed up to **two decimal places**.
- There are **no charges or fees** for using ₹ or **₹ wallets**, making it **cost-effective**.
- As per **Section 26 of the RBI Act, 1934**, ₹ is a **legal tender** and is **guaranteed** by the **Central Government**.
- ₹ differs from **Unified Payments Interface (UPI)** as it is a **currency and store of value**, whereas **UPI** is only a **payment mechanism**.
- ₹ can be **withdrawn** from bank accounts and **stored separately** in wallets, functioning like **digital cash storage**.
- Currently, **19 banks** are providing **CBDC (₹) wallet services** in India.
- **Wholesale CBDC (₹-W)** is designed for **financial institutions and intermediaries** to enable efficient **interbank settlements** and **large-value transactions**.
- **Wholesale CBDC** focuses on **reducing settlement risks** and improving **financial system infrastructure**, while **retail CBDC** enhances **accessibility** and **financial inclusion**.
- **Retail CBDC (₹-R)** is meant for the **general public** and is used for **day-to-day transactions** like physical cash in digital form.
- There are currently **16 participants** (banks and non-banks) in the **wholesale CBDC pilot**.
- The key use cases of **₹-W** include settlement of **Government Securities (G-Sec)** secondary market transactions, **interbank lending and borrowing** in the call money market, and **tokenised issuance and settlement** of **Certificates of Deposit (CDs)**.

## Reserve Bank of India launches 'Utkarsh 2029' as its Medium-Term Strategy Framework for 2026-29, replacing Utkarsh 2.0

- The Reserve Bank of India (RBI) launched 'Utkarsh 2029', its Medium-Term Strategy Framework for April 2026-March 2029, succeeding Utkarsh 2.0 (2023-25).
- The framework aims to guide the RBI's **strategic priorities, institutional development, and transformation into a world-class, full-service central bank.**
- It is built around **six strategic pillars**, defining RBI's long-term priorities:
  1. Robust Regulations
  2. Customer Centricity and Inclusive Finance
  3. Competitive Markets
  4. Effective Technology
  5. Future-ready Organisation
  6. Global India / Global Integration
- The RBI earlier introduced **Utkarsh 2022 in 2019**, replacing short-term annual planning with a **long-term strategic framework**
- Progress under **Utkarsh 2029** will be monitored through a **digital Utkarsh web application**, with **quarterly review** by top management and oversight by a **Sub-committee of the Central Board.**
- The strategy includes **49 deliverables** across the six pillars, focused on strengthening India's **financial and regulatory ecosystem.**
- Under **Project Sa-Mudra**, the RBI will focus on **modernising currency management systems.**
- The framework plans to expand **Central Bank Digital Currency (CBDC)** to enable efficient **cross-border payments** and financial innovation.
- It emphasizes scaling the **Unified Lending Interface (ULI)** to improve **inclusive credit delivery**, especially for underserved segments.
- The RBI also plans to develop an **indigenous AI-based Large Language Model (LLM)** for internal **operational efficiency and digital transformation.**

## Reserve Bank of India issues draft amendment directions to revise identification framework for Upper Layer Non-Banking Financial Companies under Scale-Based Regulation system

- The Reserve Bank of India (RBI) issued **draft amendment directions (2026)** to revise the framework for identifying **Upper Layer Non-Banking Financial Companies (NBFC-UL)** under the **Scale-Based Regulation (SBR)**
- As per the draft "RBI (Non-Banking Financial Companies - Registration, Exemptions and Framework for Scale Based Regulation) Second Amendment Directions, 2026", NBFC-UL will include entities with **assets exceeding ₹1 lakh crore.**
- The framework proposes the inclusion of **government-owned NBFCs** in the **Upper Layer**, following the principle of **ownership-neutral regulation.**
- It also allows NBFC-UL entities to use **State Government guarantees** as a **credit risk transfer tool** without any cap, subject to regulatory conditions.



- As per **RBI norms**, the **top 15 NBFC-UL entities** are required to be **listed**, strengthening **market discipline** and **transparency**.
- **Tata Sons**, with assets of around **₹1.7 lakh crore**, qualifies for **NBFC-UL classification**, but has not undertaken **listing** despite the **October 2025 deadline**.
- The absence of **explicit listing enforcement** reduces immediate **IPO pressure** on eligible entities like Tata Sons.
- **Non-Banking Financial Companies (NBFCs)** are financial institutions regulated by the **RBI** that provide banking-like services such as **loans and investments** without holding a **full banking licence**.
- The **revised framework** aims to strengthen **risk management**, **governance**, and **regulatory oversight** in the NBFC sector.

### Reserve Bank of India Releases Guidelines on Exchange Facility for Currency Notes and Coins

- The **Reserve Bank of India (RBI)** issued **Master Directions on Facility for Exchange of Notes and Coins** to ensure smooth **currency exchange services** across India.
- As per the guidelines, all **bank branches** across the country are mandated to provide **free and non-discriminatory** exchange services of **currency notes and coins** to the public.
- Banks are required to provide **key customer services** including:
  - Issuing **fresh and good-quality notes and coins** of all denominations
  - Exchanging **soiled, mutilated, or imperfect** currency notes
  - Accepting **coins and notes** for transactions or exchange purposes
- A "**soiled note**" is defined as a currency note that has become **dirty due to normal wear and tear**.
- It also includes a **two-piece note pasted together**, provided both pieces belong to the **same note** and no **essential security feature** is missing.
- Such **soiled or damaged notes** must be accepted by banks either for **exchange over counters** or for **credit into customer bank accounts**.

### Reserve Bank of India Issues Digital Payments E-Mandate Framework 2026, Consolidates Rules for Recurring Transactions

- The **Reserve Bank of India (RBI)** issued the **Digital Payments: E-mandate Framework, 2026**, consolidating all guidelines related to **recurring digital payments** into a single **master framework**.

#### Key Highlights :

- The framework applies to **payment system providers and participants** for both **domestic and cross-border** recurring transactions.
- It covers **recurring payments** made through **cards, prepaid payment instruments (PPIs), and Unified Payments Interface (UPI)**.
- Customers opting for **e-mandates** must complete a **one-time registration** with **Additional Factor of Authentication (AFA)** for validation.
- **Issuers** must clearly define the **validity period** of each e-mandate and allow customers to **modify or cancel** mandates anytime, subject to **authentication**.
- The **first transaction** under every e-mandate must be **authenticated**, and **combined authentication** is allowed if registration and payment happen together.
- To ensure **transparency**, issuers must send **pre-transaction alerts** at least **24 hours before debit**.

- **Mandatory notification details** include merchant name, transaction amount, date and time, reference number, and reason for debit.
- **RBI retained the ₹15,000 per transaction threshold**, below which recurring payments **do not require** additional authentication.
- Transactions **above ₹15,000** will require **AFA authentication**.
- Certain **high-value recurring payments** up to **₹1 lakh per transaction** are **exempt** from additional authentication in specific categories such as **insurance premiums, mutual fund subscriptions, and credit card bill payments**.
- **RBI has mandated that no charges** shall be levied on customers for using the **e-mandate facility**.
- **Issuers** must establish a strong **grievance redressal and dispute resolution mechanism** for handling complaints related to recurring transactions.
- The framework strengthens **customer protection, payment transparency, and digital payment security** in India's growing **digital payments ecosystem**.

### Reserve Bank of India Revokes Banking Licence of Paytm Payments Bank Limited for Regulatory Violations

- The **Reserve Bank of India (RBI)** cancelled the **banking licence** of **Paytm Payments Bank Limited (PPBL)** with effect from **April 24, 2026**, citing **serious regulatory violations**.
- The action was taken under **Section 22(4)** of the **Banking Regulation Act, 1949**, effectively prohibiting **PPBL** from conducting any **banking business** under **Sections 5(b) and 6**.
- **RBI** stated that **PPBL's operations** were **detrimental to depositors' interests** and public interest, and the bank failed to comply with **Section 22(3)(b), 22(3)(c), and 22(3)(g)** of the Act.
- Key reasons for cancellation included **non-compliance with KYC norms, weak internal compliance systems, and repeated regulatory violations**.
- **RBI** also noted that the **general management conduct** of the bank was **prejudicial to depositors** and public interest, and continuation of operations would not serve any useful public purpose.
- The **central bank** confirmed that **PPBL** has **sufficient liquidity** to repay all deposits during **winding up**.
- **RBI** will initiate an application for **winding up** of the bank before the **High Court**.
- This marks the **first-ever shutdown of a Payments Bank** since the framework was introduced in **2015-16**.
- Following the cancellation, the **number of operational payments banks** in India has **reduced to five: Airtel Payments Bank, India Post Payments Bank, Fino Payments Bank, Jio Payments Bank, and NSDL Payments Bank**.

### Reserve Bank of India Imposes ₹80,000 Penalty on Ebix Payment Services for Non-Compliance in Customer Risk Categorisation

- The **Reserve Bank of India (RBI)** imposed a **₹80,000 penalty** on **Ebix Payment Services** for failing to ensure proper **risk categorisation** of customers, a key **compliance requirement**.
- The penalty was imposed on **April 17, 2026** under the **Payment and Settlement Systems Act, 2007**, highlighting **RBI's strict enforcement** of payment system regulations.
- **RBI** also imposed a **₹80,000 fine** on **Dr Babasaheb Ambedkar Nagari Sahakari Bank** for violations under the **Supervisory Action Framework (SAF)**.
- The bank was found to have **breached lending limits** on advances and offered **higher deposit interest rates** than **State Bank of India**, violating **regulatory directives**.

## Reserve Bank of India Relaxes Forex Norms, Permits Related-Party Hedging Within USD 100 Million Exposure Cap

- The **Reserve Bank of India (RBI)** withdrew some restrictions on **forex dealers** in offshore **Non-Deliverable Forward (NDF)** markets to manage **rupee volatility**.
- On **27 March 2026**, RBI imposed an initial restriction by **capping banks' net open positions** in offshore derivatives at **USD 100 million**.
- On **1 April 2026**, RBI further tightened norms by **banning arbitrage trades** and prohibiting banks from offering **NDFs to corporate clients**.
- These measures were aimed at **curbing one-sided positioning** in the **Indian Rupee** and reducing **speculative flows** in the foreign exchange market.
- The overall objective was to ensure **currency stability**, prevent **excessive volatility**, and maintain **orderly functioning** of **forex markets**.

## Reserve Bank of India Issues Master Direction on Prepaid Payment Instruments, 2026 Under Payment and Settlement Systems Act, Replaces 2021 Framework to Strengthen Digital Payments Security and Growth

- The **Reserve Bank of India (RBI)** issued the **Master Direction on Prepaid Payment Instruments (PPIs), 2026** under the **Payment and Settlement Systems Act, 2007**, replacing the 2021 framework to strengthen **digital payment security** and ecosystem growth.

### Key Highlights :

- **PPIs** are classified into **General Purpose PPIs (Full-KYC and Small)** and **Special Purpose PPIs** such as **Gift, Transit, and UPI One World** (for foreign visitors), with stricter usage rules and limits.
- These directions apply to all **PPI issuers** and system participants, and **no interest** can be paid on PPI balances.
- **Non-bank PPI issuers** must maintain a **₹5 crore net worth** (rising to **₹15 crore in 3 years**) and comply with **fit-and-proper criteria**, with **perpetual authorisation** subject to compliance.
- A **Full-KYC PPI** allows a maximum balance of **₹2 lakh**, with a similar **monthly transaction limit**, and permits only **one wallet per user**.
- **Full-KYC PPIs** allow **P2P transfers** up to **₹25,000 per month**, **cash loading** up to **₹10,000 per month**, and **cash withdrawals** as per RBI norms, with a **minimum validity of one year**.
- A **Small PPI** can be issued with **minimal KYC** (**OTP-based mobile verification** and self-declaration) when full CDD is not completed.
- **Small PPIs** have a **₹10,000 balance** and monthly limit, **2-year validity**, allow only **merchant payments** (**no P2P or cash withdrawal**), and can be upgraded to Full-KYC PPIs.
- **Special Purpose PPIs** include **Gift, Transit, and UPI One World** wallets, each with specific regulatory usage conditions.
- **Gift PPIs** have a **₹10,000 limit**, are **non-reloadable**, valid for **1 year**, and do not allow cash purchase, withdrawal, or P2P transfers.
- **Transit PPIs** require **no KYC**, have a **₹3,000 limit**, are used only for **transport payments**, and may have **perpetual validity**.
- **UPI One World PPIs** (for foreign nationals/NRIs) require **passport and visa verification**, allow **merchant payments** up to **₹5 lakh monthly**, and enable **refund of balance** after visa expiry.
- The framework promotes **interoperability** with **UPI and card networks**, mandates **reporting and audits**, and aims to balance **innovation** with stronger **regulatory oversight** in India's digital payments ecosystem.

## Reserve Bank of India Imposes ₹41.8 Lakh Penalty on Bandhan Bank for Know Your Customer and Regulatory Non-Compliance

- The Reserve Bank of India (RBI) imposed a penalty of ₹41.8 lakh on Bandhan Bank for regulatory violations and compliance deficiencies.
- The bank was found to have failed in **periodic risk categorisation review** of customer accounts and also in **sanctioning loans to directors**, violating norms under the **Banking Regulation Act** and **KYC guidelines**.
- RBI clarified that the penalty is for **regulatory non-compliance** only and does not impact the **validity or operations** of customer transactions, ensuring continued **customer protection** and **banking stability**.
- Separately, RBI imposed a penalty of ₹80,000 on Muthoot Housing Finance Company Limited (MHFCL) for violations of **Fair Practice Code**
- MHFCL failed to clearly disclose **risk grading** and **rationale for differential interest rates** to borrowers, leading to a breach of **transparency and disclosure guidelines**.



### About Bandhan Bank :

- **Founded** : 23 August 2015
- **Headquarters** : Kolkata, West Bengal, India
- **MD & CEO** : Partha Pratim Sengupta

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