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MAY 2026



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Reserve Bank of India Introduces Mission SAKSHAM to Strengthen Capacity in Urban Co-operative Banking Sector

- The **Reserve Bank of India (RBI)** has launched **Mission SAKSHAM (Sahkari Bank Kshamta Nirman)**, a nationwide **capacity-building programme** for strengthening the **Urban Co-operative Banks (UCBs)**
- The mission aims to enhance **managerial and operational capabilities**, improve **compliance culture**, and strengthen **institutional resilience** across **UCBs**.
- **Mission SAKSHAM** seeks to create a **continuous learning ecosystem**, contributing to **systemic stability** and **sustainable growth** of the cooperative banking sector.
- The programme follows a **collaborative approach**, developed in consultation with the **Umbrella Organisation of UCBs** and various **national and state cooperative federations**.
- Under this initiative, **large-scale training programmes** (both in-person and e-learning) will be conducted, targeting around **1.40 lakh participants** across the country.
- The training will cover **key stakeholders** including **Board Members, Senior Management, Heads of Risk, Compliance and Audit functions, IT personnel**, and other critical staff of **UCBs**.
- The **RBI** will also ensure **content delivery in regional languages**, making training more **accessible and inclusive**.
- The initiative is part of **RBI's broader efforts** to strengthen the **regulatory and supervisory framework** for the **UCB sector**.

Reserve Bank of India Announces Expected Credit Loss-Based Norms from April 2027 and Phased foreign exchange Derivatives Reporting from July 2027

- The **Reserve Bank of India (RBI)** has issued a **Master Direction** on asset classification, income recognition, and provisioning, introducing a shift to the **Expected Credit Loss (ECL)** framework, effective from **April 1, 2027**.
- The new **ECL-based approach** will replace the existing norms based on the **incurred loss model**, marking a major reform in **banking risk management** and **provisioning standards**.

Key Highlights :

- Under the transition, banks will move from recognising losses only after default occurs to a **forward-looking ECL model**, improving **early risk identification** and **financial stability**.
- The **Expected Credit Loss (ECL)** framework requires banks to **estimate probable future losses** using **forward-looking risk parameters**, rather than waiting for actual defaults.
- The **90-day rule** for **Non-Performing Assets (NPAs)** remains unchanged, where loans are classified as NPAs if repayments are overdue for more than **90 days**.
- **RBI** has also introduced a **phased reporting framework** for **over-the-counter (OTC) foreign exchange (FX) derivative contracts**, effective from **July 1, 2027**.
- Under the new reporting norms, banks must report all **OTC FX derivative contracts** involving the **Indian rupee**, including those executed by **offshore and related entities**
- The framework covers both **deliverable and non-deliverable** derivative contracts, ensuring **comprehensive monitoring** of **currency risk exposure**.
- All **Authorized Dealer Category-I (AD Cat-I) banks** are required to report such transactions to **Clearing Corporation of India Limited (CCIL)** for **centralised data collection** and **transparency**.

Reserve Bank of India Releases 46th Half-Yearly Report on Management of Foreign Exchange Reserves (Oct 2025–Mar 2026)

- The Reserve Bank of India (RBI) has released the **46th Half-Yearly Report on Management of Foreign Exchange Reserves** for the period **October 2025 to March 2026**.
- During this period, **India's foreign exchange reserves** declined from **USD 700.09 billion** to **USD 691.11 billion**.
- The **RBI** publishes these reports **twice a year**, based on positions as of **end-March and end-September**.
- India's **foreign exchange reserves** are held in **multiple currencies**, including the **US Dollar, Euro, Pound Sterling, and Japanese Yen**, but are reported in **US Dollar terms**.
- The **Foreign Currency Assets (FCA)** form a **major component** of reserves and are maintained as a **multi-currency portfolio** comprising global currencies and valued in **USD terms**.
- As of **end-March 2026**, RBI held **880.52 metric tonnes of gold**, including **680.05 tonnes domestically stored**.
- Additionally, **197.67 tonnes of gold** were kept in custody with the **Bank of England** and the **Bank for International Settlements (BIS)**, while **2.80 tonnes** were held as **gold deposits**.
- The **share of gold** in total foreign exchange reserves increased from **13.92%** (end-September 2025) to **16.70%** (end-March 2026).
- **RBI** is authorised to invest up to **USD 5 billion** in bonds issued by the **India Infrastructure Finance Company (UK) Limited**.
- As of **end-March 2026**, investments in these **bonds** stood at **USD 400 million**.

Reserve Bank of India Issues Reporting Instructions for Authorised Dealer Category–I Banks to Enhance Forex Transparency

- The Reserve Bank of India (RBI) has directed banks to report all **Over-the-Counter (OTC) foreign exchange derivative contracts** involving the **Indian Rupee (INR)** to the **Clearing Corporation of India Limited (CCIL)**.
- The directive aims to **enhance transparency** in the **foreign exchange market**.
- It applies to **global transactions** undertaken by **related parties**, including **offshore entities** of **Authorised Dealer (AD) Category-I banks**.
- Both **deliverable and non-deliverable INR derivative contracts** must be reported.
- From **01 July 2027**, banks must report all **foreign exchange derivative contracts** involving **INR** undertaken by their **parent entities**, including **branches of the parent**.
- From the same date, banks must report at least **70% of transactions** of other **related parties**.
- From **01 January 2028**, the **reporting requirement** increases to **80% coverage**.
- From **01 July 2028**, banks must achieve **100% reporting** of all such transactions by **related parties**.
- The **RBI** had earlier issued **draft directions** on **Reporting Instructions for AD Category-I Banks** on **16 February 2026** for stakeholder feedback.
- The **final framework** mandates **reporting of INR-related forex derivatives** to the **Trade Repository of CCIL**.



Reserve Bank of India Exempts Small Non-Banking Financial Companies from Registration Norms Under New Framework Effective July 1, 2026

- The **Reserve Bank of India (RBI)** has issued final guidelines titled **RBI (NBFC – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026** for certain **Non-Banking Financial Companies (NBFCs)**.
- The new regulations will come into effect from **01 July 2026**.
- The framework applies to **NBFCs** not availing **public funds** and not having **customer interface**, with an **asset size below ₹1,000 crore**.
- Such entities will be classified as **‘Unregistered Type I NBFCs’**, while all other NBFCs will be categorised as **‘Type II NBFCs’**.
- These eligible NBFCs will be **exempted from RBI registration** and **reserve fund requirements**.
- RBI has introduced a **one-time deregistration window** for eligible NBFCs, valid until **31 December 2026**, providing a **structured exit mechanism** from regulatory oversight.
- This marks the **first-ever introduction** of a **formal exit route** under the NBFC regulatory framework.
- The **RBI** has also allowed **suo motu loan resolution** for borrowers affected by **natural calamities** based on recommendations of the **State Level Bankers’ Committee (SLBC)**.
- Under the revised norms, **lenders** can implement **relief measures** without waiting for individual borrower requests in **disaster-affected regions**.
- **Banks** may provide **fee waivers** and **reduction of charges** in notified calamity-affected areas for up to **one year** at their discretion.
- The revised rules aim to enhance **financial flexibility**, **disaster relief support**, and **regulatory simplification** in the **NBFC sector**.

Reserve Bank of India Clarifies Credit Card Accounts to Be Reported as ‘Past Due’ Only After 3-Day Delay

- The **Reserve Bank of India (RBI)** has introduced a **3-day grace period** for **credit card payments** under its updated regulatory framework.
- A **credit card account** will be marked as **“past due”** only after **3 days from the due date**, instead of being classified immediately.
- **Banks** can impose **late payment charges** and report to **credit bureaus** only after the **3-day grace period**.
- The **new rule** will come into effect from **01 April 2027**.
- Under the **revised norms**, **late fees and penalties** will be levied only on the **outstanding amount**, not on the total billed amount.
- However, the **“days past due”** will still be counted from the **original due date**, even during the grace period.
- The changes are part of the **RBI (Credit Cards and Debit Cards: Issuance and Conduct Directions, 2026)**.
- The regulation aims to **standardise reporting and penalty practices** across credit card issuers.
- It provides a **limited relief window of 3 days**, ensuring **no immediate penalty or credit reporting impact** if payment is made within this period.
- **Interest charges and billing cycles** remain unchanged, and delays beyond the due date are still recorded internally.
- The reform ensures **fairer and more proportionate penalty calculation** based on **outstanding dues**.
- The **RBI move** addresses **inconsistencies in late payment reporting** and **fee structures** across different banks and card issuers.

Reserve Bank of India Increases Domestic Gold Holdings by 104.23 Metric Tonnes in Six Months

- The **Reserve Bank of India** moved **104.23 metric tonnes (MT)** of its **gold reserves domestically** in the six months ended **March 2026**, reflecting a continued shift toward **domestic gold custody**.
- The **RBI's total gold holdings** increased marginally to **880.52 MT** in March 2026, from 880.18 MT in September 2025, as per the **half-yearly foreign exchange reserves report**.
- In **FY 2025–26**, the RBI brought a total of **168.06 MT of gold to India**, compared to 107.21 MT in 2023–24 and 103.68 MT in 2024–25, showing a **rising trend in domestic gold storage**.
- Around **77%** of RBI's total gold holdings (**680 MT**) is now **stored within India**, strengthening **domestic custody** of reserves.
- As of March 2026, **197.67 MT** of gold was held in **safe custody** with the **Bank of England** and **Bank for International Settlements (BIS)**, while **2.80 MT** was kept as **gold deposits**.
- The report highlights a **global trend of diversification of gold storage**, with countries increasingly shifting toward **domestic vaulting** and reduced dependence on foreign storage institutions.
- The **rise in gold prices** increased the share of gold in India's **foreign exchange reserves** to **16.7%** in March 2026, up from 13.92% earlier.
- The RBI's **foreign currency assets (FCA)** and **reserve management structure** continue to support **financial stability**, with investments spread across **securities, central banks, BIS, and commercial bank deposits**.

Reserve Bank of India Issues Final Revised Lending Norms for Urban Co-operative Banks to Simplify Credit Rules and Strengthen Risk Management

- The **Reserve Bank of India (RBI)** has issued **final revised lending norms** for **Urban Co-operative Banks (UCBs)** to simplify **credit regulations** and strengthen risk management.
- The directions titled **Urban Co-operative Banks (Concentration Risk Management) – Amendment Directions, 2026** were issued under the **Banking Regulation Act, 1949**.

Key Highlights :

- The revised framework focuses on **unsecured lending limits, housing loan conditions, and enhanced transparency requirements**.
- **Unsecured advances** refer to loans that are **not backed by sufficient collateral** or realisable security, increasing **credit risk exposure** for banks.
- Examples of **unsecured loans** include **clean overdrafts, personal guarantee-based loans, and unsecured bills/cheques**, while certain loans like **salary-linked loans and short-term receivables (≤180 days)** may be treated as **secured**.
- The **total unsecured loans and advances** of a UCB must **not exceed 20%** of total loans and advances based on the **audited balance sheet** as of March 31 of the previous financial year.
- For eligible banks meeting **ECBA norms**, small unsecured loans up to **₹50,000 (priority sector lending)** will be **excluded** from the **20% ceiling**.
- **Loans to nominal members** are allowed only if permitted under **bank by-laws**, including **consumer durable loans** up to **₹2.5 lakh** and loans against **deposits, gold, insurance policies, and government securities**.
- A **nominal member** can take limited loans or act as a **guarantor for up to 3 years**, but **does not have voting rights or dividend entitlements**.
- **Tier 1 and Tier 2 UCBs** will continue to have a **maximum housing loan tenure of 20 years**, with a **moratorium of up to 24 months** applicable only for **under-construction properties**.

- **Tier 3 and Tier 4 UCBs** will determine **loan tenure and moratorium** based on **board-approved policies**.
- RBI has also set **per-borrower unsecured loan limits**: ₹5 lakh (Tier 1), ₹7.5 lakh (Tier 2), and ₹10 lakh (Tier 3 & 4 UCBs).
- These norms will **come into effect from October 1, 2026**, or earlier if adopted by banks.

Reserve Bank of India and European Central Bank Sign Memorandum of Understanding to Strengthen Mutual Cooperation in Central Banking

- The **Reserve Bank of India (RBI)** Governor **Shri Sanjay Malhotra** and **European Central Bank (ECB)** President **Christine Lagarde** signed a **Memorandum of Understanding (MoU)** to strengthen cooperation in the field of **central banking**.
- The **MoU** was signed on the sidelines of the **Bank for International Settlements (BIS)** meetings held in **Basel, Switzerland**.
- The newly signed **MoU** updates and **replaces the earlier RBI-ECB agreement** signed in **2015**.
- The agreement establishes a framework for **regular exchange of information, policy dialogue, and technical cooperation** between **RBI and ECB**.
- The cooperation will focus on areas of **mutual interest in central banking**, including **policy coordination and institutional collaboration**.

Reserve Bank of India Imposes ₹31.80 Lakh Penalty on Yes Bank for Know Your Customer Non-Compliance

- The **Reserve Bank of India (RBI)** imposed a **monetary penalty of ₹31.80 lakh** on **Yes Bank Limited** for non-compliance with **Know Your Customer (KYC)**
- **RBI** found that the bank failed to establish a system for using the **KYC Identifier** assigned by the **Central KYC Records Registry (CKYCR)** while opening account-based customer relationships.
- The penalty was imposed under the provisions of the **Banking Regulation Act, 1949** following a **Statutory Inspection for Supervisory Evaluation (ISE)** based on the bank's financial position as of **March 31, 2025**.
- **RBI** also imposed a **monetary penalty of ₹1.80 lakh** on **Hinduja Housing Finance Limited** for non-compliance with **governance-related directions**.
- The company failed to obtain **prior written permission** from **RBI** before a **management change** involving **more than 30% change in directors** (excluding independent directors).
- The penalty on **Hinduja Housing Finance Limited** was imposed under **Section 52A** of the **National Housing Bank (NHB) Act, 1987**.

Reserve Bank of India Makes Reporting of Offshore Rupee-Linked Derivative Transactions Mandatory for Banks

- The **Reserve Bank of India (RBI)** has introduced a **new reporting framework** to strengthen monitoring of **offshore rupee-linked foreign exchange (FX) derivative transactions**.
- Under the revised framework, all **banks operating in India** are required to report **offshore foreign exchange derivative contracts** involving the **Indian Rupee (INR)** to the RBI.
- Banks must submit detailed information related to **counterparties, trade structures, settlement patterns**, and transaction-specific data to the **trade repository of CCIL** (Clearing Corporation of India Limited).
- To reduce the compliance burden, the RBI has **exempted reporting** of operational transactions with a **notional value below USD 1 million**.
- The RBI stated that the new framework aims to provide **greater visibility** into offshore rupee activities, which significantly influence the **domestic foreign exchange market**.



- The revised reporting system will cover both **deliverable and non-deliverable** foreign exchange derivative contracts.
- The implementation of the reporting framework will take place in a **phased manner**.
- Banks must ensure reporting of FX derivative transactions covering at least **70% of notional value** by **July 2027**.
- The reporting coverage requirement will increase to **80% by January 2028**.
- Banks will be required to achieve **100% reporting coverage by July 2028** under the new RBI framework.

Reserve Bank of India Levies ₹5 Lakh Penalty on Himachal Pradesh Gramin Bank for Regulatory Non-Compliance

- The **Reserve Bank of India (RBI)** imposed a **monetary penalty of ₹5 lakh** on **Himachal Pradesh Gramin Bank, Mandi** for violations related to **deposit regulations** and **statutory compliance**.
- The action was taken under powers conferred by **Section 47A(1)(c)** read with **Sections 46(4)(i) and 51(1)** of the **Banking Regulation Act, 1949**.
- The violations involved contravention of **Section 26A** read with **Section 51(1)** of the Banking Regulation Act and non-compliance with **RBI directions on 'Interest Rate on Deposits'**.
- The **statutory inspection** of the bank was conducted by the **National Bank for Agriculture and Rural Development (NABARD)** based on the bank's financial position as of **March 31, 2025**.
- RBI found that the bank failed to transfer eligible **unclaimed deposits** to the **Depositor Education and Awareness Fund (DEAF)** within the prescribed timeline.
- The bank also failed to **pay interest on certain term deposits** from the **date of maturity until repayment**, violating **RBI deposit-related directions**.

Reserve Bank of India Releases Final 2026 Directions on Capital Charge for Credit Risk under Standardised Approach, Effective from April 2027

- The **Basel Committee on Banking Supervision (BCBS)** issued the final **Basel III framework** titled "**Basel III: Finalising post-crisis reforms**" in **December 2017** to ensure prudent and credible calculation of **Risk-Weighted Assets (RWAs)** for banks.
- The framework permits two major approaches for calculating risk-based capital requirements for credit risk: the **Standardised Approach (SA)** and the **Internal Ratings Based (IRB) Approach**.

Key Highlights :

- The **Reserve Bank of India (RBI)** has decided to implement the **Standardised Approach (SA)** for assessing credit risk for banks under its jurisdiction.
- The revised RBI directions titled "**Capital Charge for Credit Risk – Standardised Approach**" will come into effect from **April 1, 2027**.
- The directions apply to the **banking book exposures** of all **commercial banks**, including **State Bank of India (SBI)** and corresponding new banks, but **exclude Small Finance Banks, Payments Banks, and Local Area Banks**.
- Under the **Standardised Approach (SA)**, banking exposures will be assigned **risk weights** either on the basis of prescribed exposure categories or ratings provided by eligible **External Credit Rating Agencies (ECRAs)**.



- The framework covers a wide range of exposures including **sovereigns, banks, corporates, MSMEs, retail portfolios, real estate exposures, and off-balance sheet items.**
- Both **fund-based and non-fund-based retail exposures** can qualify for the regulatory retail portfolio and attract a lower **75% risk weight**, subject to diversification norms and a **borrower exposure cap of ₹10 crore.**
- **RBI** expanded the **regulatory retail framework** to include all **MSMEs with turnover up to ₹500 crore** on a standalone or group basis.
- The **exposure limit** for qualifying retail exposures has been increased from **₹7.5 crore to ₹10 crore** following recommendations of the **Internal Financial Regulations and Credit Rating Committee (IFRRC).**
- With the revised norms, more retail and small business loans such as **home loans, education loans, term loans, and small business credit** will qualify for the favourable **75% risk weight**
- **Unsecured personal loans and revolving credit card balances** will continue to attract a higher **125% risk weight** under the revised capital framework.
- Eligible **unrated MSMEs** meeting retail criteria will attract a lower **75% risk weight**, while other eligible unrated MSMEs will attract **85% risk weight**, encouraging greater bank lending to the **MSME sector.**
- **Residential real estate exposures** will generally attract a **100% risk weight**, whereas **commercial real estate exposures** will attract a higher **150% risk weight.**
- Under RBI's revised **housing loan norms**, loans for up to **two houses** will attract lower risk weights ranging between **20% and 40%**, depending on the **Loan-to-Value (LTV)**
- From the **third housing loan onward**, higher risk weights ranging from **30% to 60%** will apply, with an additional **5 percentage points** for total outstanding loans of **₹3 crore or more.**
- **RBI** has prescribed a stringent **150% risk weight** for **housing projects** breaching the prescribed **project completion timelines.**
- **RBI** increased the threshold for applying a higher **150% risk weight** on **unrated corporate and NBFC exposures** from the earlier draft proposal of **₹200 crore to ₹500 crore.**
- For **bank exposures**, **RBI** discontinued the proposed SCRA-based grading framework and instead prescribed **uniform risk weights of 100% for long-term exposures and 50% for short-term exposures.**

Reserve Bank of India issues Master Direction on exchange of notes and coins under Banking Regulation Act, 1949

- The **Reserve Bank of India (RBI)** has mandated all **bank branches** to provide **universal cash services** without discrimination.
- Branches must ensure facilities for:
 - **Issuing fresh currency notes and coins**
 - **Exchanging soiled, mutilated, and imperfect notes**
 - **Accepting coins and small denomination notes** from the public
- All **banks and White Label ATM Operators (WLAOs)** must ensure **timely ATM cash replenishment** to prevent cash shortages and customer inconvenience.
- All **coins of ₹1, ₹2, ₹5, ₹10, and ₹20** remain **legal tender.**
- Coins of **25 paise and below** ceased to be legal tender from **June 30, 2011.**
- Under the **Reserve Bank of India (Note Refund) Rules, 2009 (amended 2018)**, banks are empowered to **exchange mutilated and imperfect notes** free of cost.
- **Soiled notes up to 20 pieces or ₹5,000 per day** must be exchanged **immediately over the counter** free of charge.

- For **bulk deposits**, banks must accept notes **against receipt** and complete payment within **7 days**.
- If a customer submits **up to 10 mutilated or imperfect notes**, banks should normally **adjudicate and pay** exchange value immediately over the counter.
- If notes **exceed 10 pieces or ₹5,000 per day**, banks must accept them with **receipt** and process later payment.
- Customers facing issues can first approach the concerned **bank branch** for resolution.
- If the issue remains unresolved within **30 days**, complaints can be filed under the **Reserve Bank Integrated Ombudsman Scheme, 2021**.
- After **adjudication**, the **Prescribed Officer** must stamp notes with **“PAY”, “PAID”, or “REJECT”**, along with bank and branch details.
- These **official stamps** must be securely retained to prevent misuse and ensure **transparency and accountability**.

Reserve Bank of India issues Second Amendment Directions on Credit Risk Management for Commercial Banks, 2026

- The **Reserve Bank of India (RBI)** issued amendments to the **“Commercial Banks – Asset Classification, Provisioning and Income Recognition Directions, 2026”** under **Section 35A** of the **Banking Regulation Act, 1949**, in public interest.
- **RBI** clarified that until banks fully adopt **internal country rating systems**, they may continue using the **seven-category country classification framework** of **Export Credit Guarantee Corporation of India (ECGC)**.
- The **ECGC framework** will provide **quarterly updates** and issue alerts on sudden major changes in country classifications to all banks.
- Banks are required to continuously assess and monitor **Unhedged Foreign Currency Exposure (UFCE)** of borrowers and maintain **adequate additional capital** against such risks.
- Under the **revised norms**, exposure to **currency risk** becomes a key component of **capital adequacy assessment**.
- Borrowers with **Potential Loss/EBID ratio above 75%** will attract **incremental capital requirements**.
- Specifically, such **high-risk exposures** will lead to a **25 percentage point increase** in risk weight, significantly raising capital requirements.
- The **revised UFCE framework** is designed to strengthen **foreign exchange risk management** in the banking system.
- The **risk-based structure** is as follows:
 - **Up to 50% Potential Loss/EBID** → **No additional capital**
 - **50% to 75%** → **No additional capital**
 - **Above 75%** → **25% increase in risk weight**
- **RBI’s amendment** ensures **stricter capital provisioning** for entities with **high unhedged foreign currency risk exposure**.

Reserve Bank of India issues Master Direction on currency distribution incentives and penalties for banks and currency chests

- The **Reserve Bank of India (RBI)** issued a **Master Direction** on **incentives for currency distribution and exchange**, along with **penalties for deficiencies in customer service** and reporting by bank branches and currency chests.
- A **Scheme of penal interest and penalties** has been introduced to ensure **accurate and timely reporting** of **Currency Chest (CC)** transactions and improve **customer service delivery** through banks, branches, and ATMs.

- The provisions apply to all banks, and **Currency Chest-related penalties** apply to banks operating **Currency Chests (CCs)**.
- RBI's **Clean Note Policy** aims to ensure availability of **good-quality banknotes** to the public.

Key Highlights :

- **Currency Chests (CCs)** are authorised facilities set up by select scheduled banks to support **distribution of banknotes and coins**.
- **Definitions:**
- **Soiled Note:** A note damaged due to **normal wear and tear**, including pasted two-piece notes of the same original note.
- **Mutilated Note:** A note with a **missing portion** or made of **more than two pieces**.
- **Imperfect Note:** A note that is **wholly/partially obliterated**, shrunk, washed, altered, or indecipherable.
- Banks opening **Currency Chests** in **North-Eastern states** and **remote/hilly regions** of **J&K and Ladakh** are eligible for **100% capital expenditure reimbursement** up to **₹50 lakh**.
- Such Currency Chests are also eligible for **50% reimbursement of revenue expenditure** for the first **5 years**.
- **Incentives for Currency Chest operations:**
- **₹2 per packet** for exchange of **soiled notes** (₹50 and below)
- **₹2 per piece** for **mutilated note adjudication**
- **₹65 per coin bag** for distribution
- **Additional ₹10 per bag** in **rural/semi-urban areas** (certified by auditor)
- **₹11 per 100 pieces (large CCs)** and **₹8 per 100 pieces (other CCs)** for cash deposits
- **Penalties & Compliance Framework:**
- **Refusal to exchange coins**, lower denomination notes, or soiled/mutilated notes attracts a penalty of **₹10,000 per deficiency**, rising to **₹5 lakh** for repeated violations, along with **public disclosure**.
- Banks and **White Label ATM Operators (WLAOs)** face a penalty of **₹10,000 per instance** for:
 - Dispensing **counterfeit notes**
 - Failure to **impound fake currency**
 - **ATM cash-outs exceeding 10 hours/month** attract a penalty of **₹10,000 per ATM**, along with mandatory **monthly downtime reporting** to RBI within **5 days**.
 - **Shortages in Soiled Note Remittances (SNRs) or Currency Chest balances** attract:
 - **₹50 per note** (up to ₹50 denomination)
 - **Full face value penalty** for ₹100+ notes and coin
 - **Operational lapses** in Currency Chests (e.g., **CCTV failure**, misuse of **Note Sorting Machines**, lack of **surprise checks**) attract penalties ranging from **₹5,000 to ₹5 lakh** depending on severity.
 - **Minimum transaction limit** for Currency Chests is **₹50,000**, and thereafter in multiples of **₹10,000**.
 - All **CC transactions** must be reported on the **CyM-CC portal** by **7 PM on the same day**.
 - **Delayed or incorrect reporting** attracts **penal interest** at **2% above Bank Rate** (T+0 basis) until correction is made.

Reserve Bank of India overhauls authorisation and renewal framework for forex dealers under Foreign Exchange Management (Authorised Persons) Regulations, 2026

- The **Reserve Bank of India (RBI)** introduced the **Foreign Exchange Management (Authorised Persons) Regulations, 2026** to rationalise **authorisation and renewal framework** for foreign exchange dealers.
- Under the **revised framework**, issuance of **fresh licences** for **Full-Fledged Money Changers (FFMCs)** will generally be **discontinued**, except for applications already under process.
- The regulations permit **AD Category-I** and **AD Category-II** entities to appoint **Forex Correspondents (FxCs)** under a **principal-agent model** for conducting money-changing operations.

Key Highlights :

- **Forex Correspondents (FxCs)** are allowed to:
- **Buy and sell foreign currency notes, coins, and travellers' cheques**
- Operate for **travel-related foreign exchange requirements**
- Function as **sub-agents** under the **Money Transfer Service Scheme (MTSS)**
- Applicants seeking authorisation as foreign exchange dealers must be **companies incorporated** under the **Companies Act, 2013**.
- **AD Category-I authorisation** is restricted to **banks licensed by RBI** and includes **full access to current and capital account transactions**.
- **AD Category-II entities** include:
 - **RBI-licensed banks**
 - **Registered NBFCs**
 - **FFMCs / Forex Correspondents** with at least **2 years of operations**
 - Entities with **average annual forex turnover of ₹50 crore** (last two financial years)
- **AD Category-II entities** must maintain a **minimum positive net worth of ₹10 crore** based on the latest audited balance sheet.
- **AD Category-III authorisation** applies to entities dealing in forex **incidental to their business** or offering **innovative forex-related services**.
- **AD Category-III entities** must maintain a **minimum positive net worth of ₹2 crore** and submit **statutory auditor certification** confirming compliance.
- **AD Category-II entities** are subject to a **₹25 lakh cap** per foreign trade transaction, whereas **AD Category-I banks** have **unrestricted transaction limits**.
- The framework introduces strict **"fit and proper"** criteria for **promoters, directors, and key managerial personnel**, assessing: **Integrity, Experience, Regulatory compliance record**.

Reserve Bank of India cancels banking licence of Mumbai-based Sarvodaya Co-operative Bank Limited

- The **Reserve Bank of India (RBI)** has cancelled the **banking licence** of **Sarvodaya Co-operative Bank Limited**, based in **Mumbai, Maharashtra**, under **Sections 22(4) and 56** of the **Banking Regulation Act, 1949**.
- The licence was cancelled due to **inadequate capital, weak earning prospects, inability to repay depositors** in full, and **non-compliance** with **capital adequacy** and licensing norms under **Sections 11(1) and 22(3)** of the Banking Regulation Act.
- The **RBI** observed that continuation of the bank's operations would be **prejudicial to the interests of depositors**, leading to the cancellation decision.
- The **RBI directed** the **Maharashtra Registrar of Co-operative Societies (RCS)** to initiate the **winding-up process** of Sarvodaya Co-operative Bank Limited and **appoint a liquidator**.
- Following the cancellation, the bank has been **prohibited** from **accepting deposits, repaying existing deposits**, and carrying out **any banking operations**.
- The **Deposit Insurance and Credit Guarantee Corporation (DICGC)** provides **insurance coverage of up to ₹5 lakh** per depositor per bank, covering both **principal and interest** on savings, current, fixed, and recurring deposits.

Reserve Bank of India relaxes rules allowing banks to include quarterly profits in Common Equity Tier 1 capital for Capital to Risk Weighted Assets Ratio calculation

- The **Reserve Bank of India (RBI)** issued amended directions relaxing norms for inclusion of **quarterly profits** in **Common Equity Tier 1 (CET1) capital** for calculating the **Capital to Risk Weighted Assets Ratio (CRAR)**.
- The revised framework allows banks to include **current year quarterly profits** in **CET1 capital** without the earlier additional qualifying condition.

Key Highlights :

- Earlier, banks could include quarterly profits only if **incremental NPA provisions** in the previous financial year did not deviate by more than **25%** from the **four-quarter average**.
- Under the revised rules, the restriction linked to **NPA provisioning variability** has been removed after **stakeholder feedback**.
- The relaxation applies to **commercial banks, small finance banks, and payments banks**, and comes into **effect immediately**.
- Similar directions have also been issued for **Small Finance Banks (SFBs)** and **Payments Banks (PBs)** under RBI regulations.
- The RBI clarified that the amendment was made after **stakeholder consultation**, though it rejected the proposal to shift fully to **annual CET1 accounting** due to concerns over temporary profit spikes.
- Banks can now include quarterly profits in **CET1 capital** provided their financial statements are **audited** or subjected to **limited review** every quarter.
- The eligible inclusion amount will be determined using a **formula** based on **net profit** and **average dividend payout** of the last **three financial years**.
- The amendment is applicable to **CRAR (Capital to Risk Weighted Assets Ratio)** calculations under the **Banking Regulation Act, 1949**.
- The revised **CET1 norms** exclude **Local Area Banks (LABs)** and **Regional Rural Banks (RRBs)** from the relaxation.
- The **RBI issued separate amendment directions** for different bank categories under its **regulatory and supervisory powers**.

Reserve Bank of India removes prior approval requirement for banks–fintech tie-ups for outward remittance services

- The **Reserve Bank of India (RBI)** has removed the requirement of **prior approval** for **non-bank entities (fintechs)** to enter into **tie-up arrangements** for enabling **outward remittance services** through banks in India.
- This move is part of the **RBI's updated operating framework** to facilitate **outward remittances** via **Authorised Dealer (AD) Category-I banks**.
- Earlier, under the **2016 framework**, **non-bank entities** were required to obtain **RBI approval** before partnering with **AD banks** for providing **outward remittance services**.
- The **revised framework** applies to **cross-border outward remittance** of funds for **non-trade current account transactions** conducted through **websites, online platforms, software applications, and mobile apps** operated by **third-party entities**.
- As per **RBI directions**, **AD Category-I banks** must ensure compliance with the **Foreign Exchange Management Act (FEMA), 1999** and conduct proper **Know Your Customer (KYC)** due diligence.
- **Banks** are also required to **inform customers** about the exact **foreign exchange amount** credited and the **maximum time required** for fund transfer to the beneficiary.

Reserve Bank of India informs Supreme Court: 30 banks integrated with UDGAM portal to help trace deceased account holders' unclaimed funds

- The **Reserve Bank of India (RBI)** informed the **Supreme Court** that **30 banks** have been integrated into the **UDGAM portal** to help **legal heirs** trace **unclaimed funds** of deceased account holders.

Key Highlights :

- **UDGAM (Unclaimed Deposits – Gateway to Access Information)** is an **online centralized portal** developed by the **RBI**.
- The platform was developed in collaboration with **Reserve Bank Information Technology Pvt Ltd (ReBIT)** and **Indian Financial Technology and Allied Services (IFTAS)** along with selected banks.
- The portal covers around **90% of unclaimed deposits (by value)** held in the **Depositor Education and Awareness (DEA) Fund**.
- A total of **30 banks** are currently part of the **UDGAM platform**, enabling **consolidated search** of unclaimed accounts.
- The portal allows users to search both **individual and non-individual** unclaimed deposits/accounts.
- **UDGAM** is only a **search and information platform** and **does not process claims**; claims must be made **directly with the respective bank**.
- It also provides details of the **claim and settlement process** of each participating bank.
- To search **individual accounts**, users must provide:
 - **Account holder name**
 - **Bank name** (one or more)
 - Any one or more **identifiers** such as **PAN, Driving License, Voter ID, Passport Number, or Date of Birth**
- After registration, users receive a **UDRN (Unclaimed Deposit Reference Number)**, generated via the **Core Banking Solution (CBS)**.
- The **UDRN** ensures **privacy**, preventing identification of the account holder or bank branch by **third parties**.
- As per **RBI definition**, “**Unclaimed Deposits**” include:
 - **Savings/Current accounts** inactive for **10 years**
 - **Fixed deposits** not claimed within **10 years** from maturity
- Such unclaimed funds are transferred to the **Depositor Education and Awareness (DEA) Fund**, maintained by the **RBI**.

Reserve Bank of India Imposes ₹3.10 Lakh Penalty on IIFL Finance for Violating NBFC Scale Based Regulation Norms

- **Reserve Bank of India (RBI)** imposed a penalty of **₹3.10 lakh** on **IIFL Finance Limited** for violating the **NBFC Scale Based Regulation Directions, 2023**.
- RBI found that IIFL Finance **failed to return the surplus amount** received from auction of pledged gold articles to certain borrowers after recovery of loan dues.
- The penalty was imposed under the provisions of the **Reserve Bank of India Act, 1934** following RBI's statutory inspection of the company's financial position as on **31 March 2025**.
- RBI also imposed a penalty of **₹5.80 lakh** on **Appnit Technologies Private Limited** for non-compliance with **Know Your Customer (KYC)** and **Prepaid Payment Instruments (PPI)**
- The company allowed **Aadhaar OTP-based e-KYC PPI accounts** to continue beyond one year without completing the mandatory **full KYC verification**.
- Appnit Technologies Private Limited also failed to establish a proper system for **periodic review of customer risk categorisation**, as required under RBI regulations.

Reserve Bank of India decides against activating Countercyclical Capital Buffer at present

- The **Reserve Bank of India (RBI)** has decided **not to activate** the **Countercyclical Capital Buffer (CCyB)** at present, stating that current economic and banking conditions do not require its implementation.
- The decision was taken after **RBI reviewed key CCyB indicators**, especially the **credit-to-GDP gap**, which is the **primary indicator** for assessing **systemic credit risk** in the economy.
- The **Countercyclical Capital Buffer (CCyB)** is a **macro-prudential regulatory tool** used in the banking system.
- **CCyB** requires banks to **build additional capital buffers** during periods of **strong credit growth** and favourable economic conditions.
- The **main objective** of CCyB is to ensure banks **accumulate sufficient capital** during good economic times so that they can **continue lending** during financial stress or economic downturns.
- Another **key objective** is to **prevent excessive and indiscriminate lending** during periods of rapid credit expansion, thereby helping to **reduce system-wide financial risks**.
- **RBI** stated that **CCyB** can be activated as a **pre-announced measure** whenever warranted by economic conditions.
- After review and **empirical analysis of indicators**, **RBI** concluded that it is **not necessary to activate CCyB** at this point in time..

Reserve Bank of India Announces 5 Billion United States Dollar–Indian Rupee Buy/Sell Swap Auction

- The **Reserve Bank of India** announced a **5 billion United States Dollar–Indian Rupee buy/sell swap auction to inject long-term liquidity into the banking system**.
- The swap auction will be conducted with a tenor of **three years**.
- Under the swap mechanism, the Reserve Bank of India will:
 - Buy United States dollars from banks in exchange for Indian rupees
 - Sell back the same amount of United States dollars after three years
- The operation aims to provide **durable liquidity support** to the banking system and improve overall financial market stability.
- The move comes amid:
 - Weakness in the Indian rupee
 - Global financial uncertainty
 - Volatility in capital flows
 - Stronger United States dollar trends
 - Geopolitical tensions
- The liquidity injection is expected to support:
 - Smooth credit flow
 - Stable short-term interest rates
 - Orderly functioning of financial markets
- The Reserve Bank of India stated that the swap auction is a liquidity management tool that does not directly change benchmark interest rates.
- Bid conditions for participating banks include:
 - Minimum bid size of **10 million United States dollars**
 - Additional bids in multiples of **1 million United States dollars**
 - Premium quotes in paise up to two decimal places

- Through the swap operation, participating banks will temporarily provide United States dollars to the Reserve Bank of India and receive Indian rupee liquidity in return.
- Forex swap auctions are part of the Reserve Bank of India's broader monetary management framework, along with:
 - Repo operations
 - Reverse repo operations
 - Open market operations
 - Cash Reserve Ratio adjustments

About RBI

- The Reserve Bank of India (RBI) is the nation's central banking institution. It was established on April 1, 1935, under the Reserve Bank of India Act, 1934, based on the recommendations of the Hilton Young Commission.
- Nationalized on January 1, 1949, it is fully owned by the Government of India.
- Headquarters: Mumbai, Maharashtra (initially established in Kolkata and permanently shifted to Mumbai in 1937).

Reserve Bank of India Grants Prepaid Payment Instrument Issuer Authorisation to ZikZuk Technologies

- **ZikZuk Technologies Private Limited** received final authorisation from the **Reserve Bank of India (RBI)** to operate as a **Prepaid Payment Instrument (PPI) issuer**.
- The approval was granted under the **Payment and Settlement Systems Act (PSSA), 2007**.
- The final authorisation follows the company's earlier **in-principle approval** received in **May 2025**.
- The PPI authorisation enables ZikZuk Technologies to operate across **digital payments, Unified Payments Interface (UPI) infrastructure, and cross-border financial services**.
- The approval allows the company to expand and scale a wide range of **RBI-regulated payment solutions**.
- The payment solutions include **digital wallets, prepaid cards, and stored-value services**.
- A **Prepaid Payment Instrument (PPI)** is a payment system in which **money is loaded in advance** for future financial transactions.
- **General Purpose PPIs** include **Full-Know Your Customer (KYC) PPIs** and **Small PPIs**.
- **Special Purpose PPIs** include **Gift PPIs** and **Transit PPIs** used for metro, bus, rail, and toll payments.
- The PPI framework also includes payment instruments for **Foreign Nationals and Non-Resident Indians (NRIs)** visiting India under the **UPI One World framework**.

Reserve Bank of India Levies ₹10.10 Lakh Monetary Penalty on City Union Bank Limited

- The **Reserve Bank of India (RBI)** imposed a monetary penalty of **₹10.10 lakh** on **City Union Bank Limited**.
- The penalty was imposed for **non-compliance** with RBI directions related to **'Priority Sector Loan accounts'** and **'Reporting of Self Help Group (SHG) member-level data to Credit Information Companies (CICs)'**.
- RBI imposed the penalty under the powers conferred by **Section 47A(1)(c)** read with **Section 46(4)(i)** of the **Banking Regulation Act, 1949** and **Section 25(1)(iii)** read with **Section 23(4)** of the **Credit Information Companies (Regulation) Act, 2005**.
- The action followed the **Statutory Inspection for Supervisory Evaluation (ISE)** conducted by RBI with reference to the bank's financial position as on **31 March 2025**.
- RBI issued a **show-cause notice** to the bank after identifying supervisory findings of regulatory non-compliance.

- After examining the bank's written reply and oral submissions during the personal hearing, RBI confirmed the charges against the bank.
- RBI found that the bank had **levied loan-related charges** on certain **agriculture priority sector loans up to ₹25,000**, which violated RBI directions.
- The bank also failed to report **Self Help Group (SHG) member-level data to Credit Information Companies (CICs)**.
- RBI clarified that the penalty was based on **deficiencies in statutory and regulatory compliance**.
- The central bank further stated that the penalty **does not affect the validity of transactions or agreements** entered into by the bank with its customers.
- RBI also noted that the imposition of monetary penalty is **without prejudice to any other action** that may be initiated against the bank in the future.

About City Union Bank (CUB):

- Founded Year: 1904
- Headquarters: Kumbakonam, Tamil Nadu, India
- MD & CEO: Dr. N. Kamakodi
- Slogan: "Trust and Excellence Since 1904"

Reserve Bank of India Issues Revised Loan Recovery and Recovery Agent Regulations Effective from October 2026

- The **Reserve Bank of India (RBI)** released final amendments to overhaul **loan recovery and recovery agent regulations**, which will come into effect from **1 October 2026**.

Key Highlights :

- Under the new framework, banks must conduct **strict due diligence** and **periodic background verification** of recovery agents before engagement.
- Banks can engage only **certified recovery agents** trained through approved institutions such as the **Indian Institute of Banking and Finance (IIBF)**.
- RBI introduced detailed **borrower protection norms** to regulate recovery practices.
- Recovery agents are allowed to contact borrowers only between **8 AM and 7 PM**.
- The new rules **prohibit harassment, abusive language, intimidation, social media shaming, and pressuring of relatives or colleagues** during loan recovery.
- Banks are required to **publicly disclose** the list of **empanelled recovery agencies** on their websites and customer platforms.
- Borrowers must receive **prior notice** through SMS, email, or letters before any **physical recovery visit**.
- The framework mandates the **recording and monitoring** of recovery-related calls to ensure transparency and accountability.
- Banks must **preserve call records for at least six months** under the new RBI guidelines.
- RBI directed banks to ensure that **incentive structures do not encourage coercive recovery practices**.
- Banks are also required to establish **dedicated grievance redressal systems** for complaints related to loan recovery practices.
- **Recovery proceedings cannot continue** while borrower grievances related to dues or recovery practices remain unresolved.



Reserve Bank of India Approves Record ₹2.87 Lakh Crore Surplus Transfer to Government for Financial Year 2025-26

- The **Reserve Bank of India** announced a record **surplus transfer of ₹2.87 lakh crore** to the Government of India (GoI) for Financial Year 2025-26 (FY26), during the **623rd meeting of the Central Board of Directors (CBoDs)**.
- The surplus transfer for FY26 was higher than last year's transfer of **₹2.69 lakh crore**.
- However, the transfer remained lower than the **Union Budget estimate of ₹3.16 lakh crore** for dividend receipts.

Key Highlights :

- The 623rd Central Board Meeting was chaired by **Sanjay Malhotra** in **Mumbai**.
- The **balance sheet of RBI expanded by 20.61% to ₹91.97 lakh crore** as of 31 March 2026.
- The balance sheet growth was mainly supported by **large bond purchases** and **liquidity injections** into the banking system.
- The **net income of RBI** before risk provisions and transfer to statutory funds stood at **₹3,95,972.10 crore** during FY26.
- The **gross income of RBI increased by 26.42%** during FY26.
- RBI's **expenditure before risk provisions rose by 27.60%** during the financial year.
- RBI approved a transfer of **₹1,09,379.64 crore towards the Contingent Risk Buffer (CRB)** for FY26.
- The allocation towards CRB was significantly higher than the previous year's transfer of **₹44,861.70 crore**.
- RBI maintained the **Contingent Risk Buffer (CRB) at 6.5%** of its balance sheet size to ensure financial stability.
- The surplus transfer was governed by the revised **Economic Capital Framework (ECF)**.
- Under the revised Economic Capital Framework, the CRB must be maintained within a **range of 4.5% to 7.5%** of RBI's total balance sheet.

Reserve Bank of India Levies ₹3.10 Lakh Monetary Penalty on Mintifi Finserve Private Limited

- The **Reserve Bank of India (RBI)** imposed a monetary penalty of **₹3.10 lakh** on **Mintifi Finserve Private Limited**.
- The penalty was imposed for **non-compliance** with RBI directions related to **'Know Your Customer (KYC)'**
- RBI imposed the penalty under **Section 58G(1)(b)** read with **Section 58B(5)(aa)** of the **Reserve Bank of India Act, 1934**.
- The **statutory inspection** of the company was conducted by RBI with reference to its financial position as on **31 March 2025**.
- Based on the supervisory findings and related correspondence, RBI issued a **show-cause notice** to the company asking why a penalty should not be imposed.
- After reviewing the company's written reply and oral submissions during the personal hearing, RBI confirmed the **regulatory violation**.
- RBI found that the company failed to upload KYC records of certain customers to the **Central KYC Records Registry (CKYCR)** within the **prescribed timeline**.
- The penalty was imposed due to **deficiencies in regulatory compliance** related to customer identification and record maintenance.
- RBI clarified that the action **does not affect the validity of any transaction or agreement** between the company and its customers.
- The central bank also stated that the monetary penalty is **without prejudice to any further action** that may be initiated against the company in the future.

Reserve Bank of India Data Shows India's Outward Remittances Declined by 2% to Nearly \$29 Billion in FY26

- India's **outward remittances** under the **Liberalised Remittance Scheme (LRS)** declined by **2%** in **FY26** due to global uncertainty and geopolitical tensions.
- According to data released by the **Reserve Bank of India (RBI)**, total outward remittances declined to **USD 28.9 billion** in **FY26** from **USD 29.6 billion** in **FY25**.
- The sharpest fall was recorded in remittances for **overseas education**, which declined by more than **20%** to **USD 2.3 billion** from **USD 2.9 billion** in the previous financial year.
- The **Liberalised Remittance Scheme (LRS)** is an RBI policy that allows all resident individuals, including minors, to remit funds abroad freely.
- Under the LRS, individuals can remit up to **USD 250,000 per financial year** outside India.
- The remittance facility can be used for permissible **current account transactions, capital account transactions**, or a combination of both.
- Despite the overall decline, remittances for **investment in equity and debt** increased by **68% Year-on-Year (Y-o-Y)** to **USD 440.22 million**.
- Remittances for **medical treatment** abroad also increased by **52% Y-o-Y** to **USD 3.91 million**.
- The **Liberalised Remittance Scheme (LRS)** was introduced by the **RBI** in **2004**.
- The scheme was introduced to simplify and liberalise outward remittances by Indian residents for approved foreign transactions.

Reserve Bank of India Introduces Mandatory Three-Year Cooling-Off Period for Co-operative Bank Directors After 10-Year Tenure

- The **Reserve Bank of India (RBI)** issued final amendment directions for **Urban Co-operative Banks (UCBs)** and **Rural Co-operative Banks (RCBs)** to strengthen governance standards in the cooperative banking sector.
- The amended rules introduce a **mandatory three-year cooling-off period** for directors who complete **10 consecutive years** on the board of a co-operative bank.
- The new directions **came into effect immediately** after notification by the RBI.

Key Highlights :

- The amendment aims to prevent directors from circumventing tenure limits by temporarily resigning and later getting re-elected or co-opted onto the same board.
- Under the revised framework, directors completing **10 continuous years** must **step down for three years** before becoming eligible again.
- During the **cooling-off period**, such individuals **cannot hold any position of authority or influence** on the bank's board, though they may continue as customers or ordinary members.
- The reforms were introduced through the **Reserve Bank of India (Urban Cooperative Banks – Governance) Amendment Directions, 2026** and the **Reserve Bank of India (Rural Cooperative Banks – Governance) Amendment Directions, 2026**.
- RBI had earlier released **draft amendment directions** on **January 8, 2026**, and invited stakeholder feedback before finalising the reforms.
- The governance reforms are aimed at improving **transparency, institutional accountability, and balanced decision-making** in India's cooperative banking sector.

- Separately, the Reserve Bank of India also constituted an **eight-member expert committee** to examine the role of **quantum technology** in FinTech.
- The initiative has been launched under **Quantum Secure and Adaptive Financial Ecosystem (Q-SAFE)**.
- The committee is headed by **Anil Prabhakar**, Professor in the Department of Electrical Engineering at **Indian Institute of Technology Madras**.
- The expert panel will study the **risks and implications** of quantum technology adoption for India's financial system and digital financial infrastructure.

Reserve Bank of India Imposes ₹2.70 Lakh Monetary Penalty on Newa Investments Private Limited

- The **Reserve Bank of India (RBI)** imposed a monetary penalty of **₹2.70 lakh** on **Newa Investments Private Limited**.
- The penalty was imposed for non-compliance with RBI directions related to '**Governance**' norms.
- RBI imposed the penalty under **Section 58G(1)(b) read with Section 58B(5)(aa)** of the **Reserve Bank of India Act, 1934**.
- The **statutory inspection** of the company was conducted with reference to its financial position as on **31 March 2025**.
- Based on the supervisory findings and related correspondence, RBI issued a **show-cause notice** to the company.
- After reviewing the company's written reply and oral submissions during the personal hearing, RBI confirmed the **regulatory violation**.
- RBI found that the company failed to obtain **prior written permission** from RBI before **appointing directors**.
- The appointments resulted in a **change in management** due to changes in **more than 30% of the directors**, excluding independent directors.
- The penalty was imposed due to deficiencies in regulatory compliance related to **corporate governance requirements**.
- RBI clarified that the action **does not affect the validity of transactions** or agreements entered into by the company with its customers.
- The central bank also stated that the penalty is **without prejudice to any further action** that may be initiated against the company in the future.

Reserve Bank of India Forms 8-Member Expert Panel Under Quantum Secure and Adaptive Financial Ecosystem (Q-SAFE) Initiative

- The **Reserve Bank of India (RBI)** constituted an Expert Committee on "**Quantum Secure and Adaptive Financial Ecosystem (Q-SAFE)**".
- The committee has been formed to study the **opportunities, risks, and implications of quantum technology** in India's financial sector.
- The committee is chaired by **Dr. Anil Prabhakar**, Professor in the Department of Electrical Engineering at **Indian Institute of Technology Madras (IIT Madras)**.

Key Highlights :

- Quantum technology uses principles such as **superposition and entanglement** for advanced computational capabilities.
- Quantum technology can support applications like **portfolio optimisation, risk assessment, macroeconomic modelling**, and financial analysis.

- At the same time, quantum computing **poses threats to existing cryptographic and encryption systems** used in the financial ecosystem.
- The committee will evaluate risks posed by quantum computing through a **Cryptography Bill of Materials (CBOM)**.
- The CBOM will help identify **critical financial systems and processes vulnerable to quantum threats**.
- The panel will assess the financial sector's **crypto agility and preparedness** for adopting **quantum-safe cryptography**.
- The committee will conduct a **cross-country analysis** to study global regulatory practices and frameworks related to safe deployment of quantum technologies.
- It will also examine the **availability, scalability, and maturity** of vendor tools and security solutions for the financial sector.
- One of the major objectives is to recommend a **roadmap and framework** for making India's financial system **quantum secure**.
- The committee includes representatives from the **Department of Science and Technology (DST), State Bank of India (SBI), National Payments Corporation of India (NPCI), Ministry of Electronics and Information Technology (MeitY), and Data Security Council of India (DSCI)**.
- Other key members include **Dilip Asbe** (CEO of NPCI), **Vinayak Godse** (CEO of DSCI), and **Suvendu Pati**, Chief General Manager, Fintech Department, RBI, who will serve as **Member-Secretary**.
- The committee is required to submit its report **within six months** from the date of its first meeting.

Reserve Bank of India and State Bank of Vietnam Ink Memorandum of Understanding to Enhance Cooperation in Digital Payments and Financial Innovation

- The **Reserve Bank of India (RBI)** and the **State Bank of Vietnam (SBV)** signed a **Memorandum of Understanding (MoU)** with an aim to strengthen bilateral cooperation in **financial innovation and digital payments** between India and Vietnam.
- The agreement was signed after receiving approval from the **Union Cabinet of India**.

Key Highlights :

- The MoU focuses on promoting **cross-border QR Code-based merchant payments** between the two countries.
- The partnership aims to improve **payment system connectivity** and facilitate **seamless cross-border transactions**.
- The MoU provides a framework for **information sharing, regulatory coordination, and implementation support**.
- Areas of cooperation include sharing information on **emerging market trends, digital payment technologies, best practices, and regulatory frameworks**.
- The agreement also supports cooperation in **fast payment systems, messaging systems, and card switch mechanisms**.
- The MoU allows the possibility of launching **joint innovation programmes and digital payment projects** between RBI and SBV.
- One major objective is to make cross-border transactions more **transparent, real-time, convenient, and cost-efficient**.
- The system will provide **upfront display of charges**, improving transparency in international payments.
- The initiative is expected to boost **trade, tourism, and business opportunities** between India and Vietnam.
- The MoU is also expected to strengthen **India's position as a major global fintech hub**.
- The agreement was signed by the **Deputy Governor of RBI** and the **Deputy Governor of SBV**.

Reserve Bank of India Data Shows Indians' Overseas Travel Expenditure Fell to USD 1.09 Billion in March 2026

- According to data released by the Reserve Bank of India (RBI), **overseas travel spending** by Indians declined to **USD 1.09 billion** in **March 2026**.
- Overseas travel expenditure decreased by nearly **USD 212 million** compared to February 2026.
- The decline reflects **reduced spending on foreign travel** by Indian residents.
- Under the **Liberalised Remittance Scheme (LRS)**, Indians can remit up to **USD 2,50,000 per financial year** for permitted transactions.
- The LRS allows remittances for purposes such as **foreign travel, education, investments, and maintenance of relatives abroad**.
- **Total outward remittances** under the LRS stood at **USD 2.59 billion** in March 2026.
- **Travel** remained the **largest component of outward remittances**, accounting for **USD 1.09 billion** of the total remittances.
- Within the travel category, the **"other travel" segment** accounted for **USD 623.05 million**, representing nearly **57% of total travel spending**.
- The "other travel" category includes **holiday trips and international credit card settlements**.
- Spending on **education-related travel** amounted to **USD 450.16 million** during March 2026.
- Expenditure on **overseas business travel, pilgrimage, and medical treatment** together totalled **USD 21.39 million**.



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