RBI Extends Time-Window for Using RTGS Service

The Reserve Bank of India (RBI) announced that the time-window for using the Real Time Gross Settlement System (RTGS) for customer transactions will be extended from 4:30 pm to 6 pm on all working days. It will be effective from June 1, 2019. There shall be no charge for transactions between 8 am and 11 am. The decision is after a robust year-on-year increase in the number of transactions by 8% to Rs.1,335 crore in March 2019. RTGS is an electronic form of funds transfer where the transmission takes place on a real-time basis. The beneficiary account receives the funds transferred, on a real-time basis.

Committee for Housing Finance Constituted by RBI

The Reserve Bank of India (RBI) constituted a committee to review the existing state of mortgage securitisation in India and suggest measures to deepen it. The six-member committee on Development of Housing Finance Securitisation Market is headed by Harsh Vardhan, Senior Advisor, Bain & Co.
The panel will review the regulations relating to mortgage-backed securitisation (MBS) currently in place, and make specific recommendations on suitably aligning the same with international norms.

Mortgage-Backed security (MBS) is a type of asset-backed security that is secured by a mortgage or collection of mortgages.

Data from rating company ICRA showed that the securitisation volume in FY19 more than doubled against FY18 to Rs.2 lakh crore, of which major chunk of loans sold was by housing finance companies (HFCs) to banks in order to raise funds owing to tough liquidity conditions.

**BANKS TO ACCEPT AADHAAR ONLY FOR KYC**

- Reserve Bank of India (RBI) permitted banks to accept Aadhaar number only for 'Know Your Customer' (KYC) verification of customers with DBT accounts with their consent.
- RBI has added the 'Proof of possession of Aadhaar number' to the list of Officially Valid Documents (OVD).
- The bank should obtain the Aadhaar number from the customers who receive any benefit or subsidy under Direct Benefit Transfer (DBT).
- For Non-DBT beneficiary customers, the Regulated Entities (REs) should obtain a certified copy of any OVD describing the details of customer’s identity and address along with 1 recent photograph.
- All the non-individual customers should submit Permanent Account Number (PAN)/Form No 60 (for companies and Partnership firms - only PAN) along with other documents.

**INTEREST RATES REDUCED RBI BY 25 BASIS POINTS TO 5.75%**

- The Reserve Bank of India’s (RBI) Monetary Policy Committee (MPC) reduced interest rates by 25 basis points to 5.75% with immediate effect amid slowing economic growth and rising global uncertainty, for the 3rd time in a row.
- The reduction is expected to bring down the EMIs on home and auto loans and reduce the debt repayment burden on corporates.
- It is the rate at which the central bank of a country, that is RBI, lends money to commercial banks in the event of any shortfall of funds.

**RBI SCRAPS NEFT AND RTGS TRANSACTION CHARGES**

- The RBI has removed transaction charges levied by it for Real Time Gross Settlement System (RTGS) and National Electronic Funds Transfer (NEFT) systems to boost digital transactions.
- The Real Time Gross Settlement System (RTGS) is meant for large-value instantaneous fund transfers while the National Electronic Funds Transfer (NEFT) System is used for fund transfers up to Rs 2 lakh.
- RBI expects the banks to pass on the benefits of this move to customers.
- Also, the RBI has decided to set up a committee to review the charges levied on the use to ATMs as the usage by the public has been growing significantly.

**RBI IMPOSED RS. 2 CR PENALTY ON KOTAK MAHINDRA BANK**

- The Reserve Bank of India (RBI) has imposed a penalty of Rs 2 crore on Kotak Mahindra Bank for not furnishing information about the dilution of promoter shareholding.
- The penalty was imposed by the RBI in exercise of powers vested in it under the provisions of the Banking Regulation Act, 1949.
- The bank failed to comply and a show cause notice was issued to the bank as to why penalty should not be imposed for non-compliance with the said directions.
- Uday Kotak recently told the Bombay High Court, he was in full compliance of the RBI rules and the regulator had never communicated to the promoters on the matter of shareholding.
- The current Governor of RBI is Shaktikanta Das.

**ENHANCED DISCLOSURE GUIDELINES INTRODUCED BY SEBI**

- Markets regulator Securities and Exchange Board of India (SEBI) introduced enhanced disclosure guidelines for credit rating agencies (CRA).
- The recent Infrastructure Leasing and Financial Services Ltd's (IL&FS) liquidity crisis among non-bank lenders in India has focused attention again on credit rating agencies.
- The rating companies must create an uniform probability of default benchmark for each rating category on their website, for one-year, two-year and three-year cumulative default rates, both for the short term and long term.
- They should use marginal default methodology to arrive at default rates.
- SEBI defined the terms that the companies should use to describe the liquidity position of issuer, that is, strong, adequate, stretched and poor.
- Tracking the probability of default is a step towards aligning Indian rules with global standards.

**RBI ASKS BANKS TO GROUT THEIR ATMS TO A STRUCTURE BY SEPTEMBER END**

- The Reserve Bank of India has asked the banks to ensure their ATMs are grouted to a wall, pillar, or floor by the end of September month, except those installed in high secured premises such as airports.
- The ATMs shall be operated for cash replenishment only with digital One Time Combination (OTC) locks.
- All banks can also roll out a comprehensive e-surveillance mechanism at the ATMs.
- The RBI had set up a Committee on Currency Movement (CCM) in 2016.

**J&K BANK TO NOW COMES UNDER RTI ACT, CVC GUIDELINES**

- The decision is after the removal of Parvez Ahmed as the Chairman of the J&K Bank.
- He was accused of alleged corruption, nepotism and favouritism.
- It has been registered under the companies act as a government company.
- The bank is expected to be brought under the RTI and CVC guidelines by the end of June.
- A citizen of India can go for filing an RTI at any point in time whenever he wants to seek any information regarding any government organization, or its any ongoing program, any public authority, etc.

**RS.1 CRORE PENALTY IMPOSED ON HDFC BANK BY RBI**

- The Reserve Bank of India (RBI) imposed Rs.1 crore penalty on private sector lender HDFC Bank for violating Know Your Customer (KYC) and Anti-Money Laundering (AML) norms.
- RBI had received a reference from customs’ authorities regarding submission of forged bill of entries (BoEs) by certain importers to the bank for remittance of foreign currency.
- RBI said that the penalties are based on deficiencies in regulatory compliance.
• RBI said that a notice was issued to HDFC Bank on why monetary penalty should not be imposed for non-compliance with the directions.
• RBI imposed the penalty in exercise of powers vested to it under the provisions of Section 47A(1)(c) with Section 46(4)(i) of the Banking Regulation Act, 1949.

INDIA BULLS HOUSING FINANCE-LAKSHMI VILAS BANK MERGER GETS CCI

• The Competition Commission of India (CCI) has approved the merger of Indiabulls Housing Finance and Lakshmi Vilas Bank.
• It is a share swap deal with an intent to create a combined entity with a larger capital base and wider geographical reach.
• After the merger, Indiabulls Housing Finance will get access to low cost deposits.
• The objectives of CCI is to prevent activities that have an adverse effect on competition in India.

INDUSIND BANK-BHARAT FINANCIAL MERGER TO BE EFFECTIVE FROM JULY

• The National Company Law Tribunal on June 10th, 2019 approved the Scheme of Arrangement among BFIL, IndusInd Bank and IndusInd Financial Inclusion and their respective shareholders and creditors.
• It has its headquarters in Mumbai.
• The CEO of IndusInd bank is Romesh Sobti.
• Bharat Financial Inclusion Limited (BFIL) is a non-banking finance company, licensed by the Reserve Bank of India.
• It was founded in 1998 and its founder is Vikram Akula.

RBI LAUNCHES CMS ON ITS WEBSITE

• The Reserve Bank of India (RBI) has launched a Complaint Management System (CMS) on its website for facilitating RBI’s grievance redressal process.
• It is a software application launched by RBI for lodging complaints against any regulated entity with public interfaces such as Commercial Banks, Urban Cooperative Banks (UCBs) and Non-Banking Financial Companies (NBFCs).
• CMS is needed for maintaining trust and sustaining the confidence of consumers in the banking system and other financial service providers (FSPs), prompt and effective grievance redressal mechanism together with customers' empowerment through education.
• Keeping convenience of customers in mind, RBI has designed CMS in a way to enable online filing of complaints.
• The application has the feature of keeping complainants fully informed via auto-generated acknowledgements and enabling them to track the status of their complaints as well as to file appeals online against the decisions of the Ombudsman, where applicable.

U.K. SINHA PANEL REPORT OF MSME

• The eight-member committee under former Sebi chairman U.K. Sinha will examine the factors affecting the timely and adequate availability of finance to the MSME sector
• Rs.5000 crore Stressed Asset Fund for MSME
A Reserve Bank of India (RBI) committee headed by UK Sinha suggested Rs.5,000 crore stressed asset fund for micro, small and medium enterprises (MSMEs) in a relief to businesses hit by demonetization and GST.

- **Doubling the limit on collateral-free loans**
  - UK Sinha committee on micro, small and medium enterprises (MSMEs) has proposed doubling the limit on collateral-free loans to Rs 20 lakh from the current level of Rs 10 lakh to boost the fund requirement of the MSME sector.