



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

www.icsi.edu



February 12, 2018

Info Capsule

REPORT OF THE INTER-REGULATORY WORKING GROUP ON FINTECH AND DIGITAL BANKING¹

The Reserve Bank of India placed on its website the report of the Inter-Regulatory Working Group on FinTech and Digital Banking in India. The report is available at <https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=892>

Background

The Reserve Bank of India (RBI) had set up an inter-regulatory Working Group (Chair: Shri Sudarshan Sen, Executive Director, RBI) to study the entire gamut of regulatory issues relating to FinTech and Digital Banking in India.

The Committee had representation from all the financial sector regulators, namely, Reserve Bank of India, Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA), as also National Payments Corporation of India (NPCI), select banks and a rating agency.

Comments and Suggestions, if any, on the report may be sent by email at cgmicro@rbi.org.in or by post to the CGM-In-Charge, Department of Banking Regulation, Reserve Bank of India, Central Office, Shaheed Bhagat Singh Marg, Mumbai-400 001 on or before February 28, 2018.

RELIEF FOR MSME BORROWERS REGISTERED UNDER GOODS AND SERVICES TAX (GST)²

Presently, banks and NBFCs in India generally classify a loan account as Non-Performing Asset (NPA) based on 90 day and 120 day delinquency norms, respectively. It has been represented to us that formalization of business through registration under GST had adversely impacted the cash flows of the smaller entities during the transition phase with consequent difficulties in meeting their repayment obligations to banks and NBFCs. As a measure of support to these entities in their transition to a formalized business environment, it has been decided that the exposure of banks and NBFCs to a borrower classified as micro, small and medium enterprise under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, shall continue to be classified as a standard asset in the books of banks and NBFCs subject to the following conditions:

- i. The borrower is registered under the GST regime as on January 31, 2018.
- ii. The aggregate exposure, including non-fund based facilities, of banks and NBFCs, to the borrower does not exceed Rs. 250 million as on January 31, 2018.

¹ Available at: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=43097

² Available at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11216&Mode=0>

- iii. The borrower's account was standard as on August 31, 2017.
- iv. The amount from the borrower overdue as on September 1, 2017 and payments from the borrower due between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates.
- v. A provision of 5% shall be made by the banks/NBFCs against the exposures not classified as NPA in terms of this circular. The provision in respect of the account may be reversed as and when no amount is overdue beyond the 90/1201 day norm, as the case may be.
- vi. The additional time is being provided for the purpose of asset classification only and not for income recognition, i.e., if the interest from the borrower is overdue for more than 90/1202 days, the same shall not be recognized on accrual basis.

FINANCE MINISTER ADDRESSES THE BOARD OF SEBI³

Shri Arun Jaitley, Hon'ble Union Finance Minister, interacted with the members of the SEBI Board and senior officials of SEBI at New Delhi. Shri P. Radhakrishnan, Minister of State for Finance, Dr. Hasmukh Adhia, Finance Secretary, Ministry of Finance, Shri Injeti Srinivas, Secretary, Ministry of Corporate Affairs and Shri Arvind Subramanian, Chief Economic Advisor also attended the meeting.

Shri Ajay Tyagi, Chairman, SEBI welcomed the Hon'ble Union Finance Minister and apprised him of the market trends and the recent initiatives taken by SEBI. Implementation of the Budget announcements related to SEBI was also discussed.

Shri Jaitley appreciated the initiatives taken by SEBI.

Besides, Shri Ajay Tyagi, Chairman SEBI, the meeting was attended by members of SEBI Board namely, Shri Arun P. Sathe, Shri G. Mahalingam and Ms. Madhabi Puri Buch. Executive Directors and other senior officials of SEBI were also present.

Team ICSI

Disclaimer : The information in the Info Capsules is developed according to the information available in public domain and for academic purposes only. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.

³ Available at: https://www.sebi.gov.in/media/press-releases/feb-2018/finance-minister-addresses-the-board-of-sebi_37796.html