

RBI sets up a Regulations Review Authority

March 13, 1999

Background

In order to fulfil its responsibilities in diverse fields, such as, supervision and regulation of banks and other financial entities, public debt management, issue of bonds to the public, exchange control, regulation of some financial markets, issue of currency and coins etc., the Reserve Bank of India has issued a large number of circulars, directives, notifications, for compliance by banks, regional offices of the Reserve Bank, market participants and, in some cases, the general public. Banks, financial institutions, market participants, firms and individuals are also required to file various types of returns, either on a regular basis or while seeking a specific approval from the Reserve Bank. All departments of the Reserve Bank are expected to periodically review circulars/directives issued by them and to examine the continued relevance of various returns which are required to be furnished to them. As a result of such reviews, considerable progress has been made in eliminating outdated circulars, forms and returns, and also in simplifying them.

Constitution of the Regulation Review Authority

As part of this review exercise, the Reserve Bank has decided to set up a "Regulations Review Authority" to seek suggestions from the public and various agencies for elimination of unnecessary circulars, cumbersome procedures and forms which do not fulfil their stated purpose, or which are no longer required in view of the changes that have taken place in technology, regulatory framework or market development. The objective is to make the Reserve Bank regulations effective and simple and to reduce unnecessary paper work by the Reserve Bank and others involved.

The Authority will be independent of any department of the Reserve Bank. Through this Authority, it is intended to provide an opportunity to the public at large, to seek a review of the Reserve Bank regulations/forms and procedures, in order to reduce unnecessary paperwork and to make all concerned, focus on essentials rather than peripherals. The Authority has been set up for a period of one year from April 1, 1999, and will cease to exist from April 1, 2000, unless it is reconstituted by the Reserve Bank.

Dr. Y.V. Reddy, Deputy Governor, Reserve Bank of India has been appointed as the Regulations Review Authority.

Purpose

The purpose of the Authority is to provide an opportunity to the public at large to question and seek deletion or modification, of any regulation, circular or return issued, or required by the Reserve Bank on the grounds such as, (a) the regulations/circulars/forms do not serve their stated purposes, (b) they are cumbersome and time consuming, (c) they are duplicates and (d) the same objective can be achieved in a much simpler and cost-effective way.

It is clarified that the Authority is not a forum for grievance redressal against the decision of any authority in any individual case.

It is further clarified that the Authority is not a policy making forum, and will not deal with issues relating to overall macro-economics, financial or banking policies.

Who can Apply?

Anyone can apply to the Regulations Review Authority - a citizen, a non-resident Indian, an institution (including banks) an association, an academic or even an RBI employee. It is not necessary for the applicant to be an affected party.

Applications are to be made entirely on voluntary basis. It is emphasised, that unless a specific decision has been taken by the Reserve Bank to change a particular regulation, circular, or form, the existing regulation and practice will continue to be in force. All agencies/public are expected to continue to conform to the Reserve Bank regulations and directives, until they are specifically changed. A mere application to the Authority will not constitute a ground or provide justification for ignoring or violating any of the regulations, etc., currently in force.

What could an applicant seek?

The applicant may suggest a review of any regulation, rule, scheme, circular, advice, form to be filled, or procedures prescribed by the Reserve Bank, in order to fulfil the purposes mentioned above, and to make the RBI regulations simple and effective.

The applicant can also seek a review of the regulations which cover the Reserve Bank employees, such as, staff regulations, provident fund and general regulations.

The applicant may even propose to introduce a regulation to avoid fraud/public inconvenience, or to avoid arbitrariness in processing of cases, or to bring in greater transparency in the Reserve Bank.

How to make an application?

There is no prescribed form for making an application. The applicant may simply put down the details on a plain white paper. The application would no doubt contain the name and address of the applicant, the suggestion made and its justification, in as much detail as possible, with an illustration to enable the Authority to take an expeditious view on the application.

How will the Authority process an application?

The Authority has been given full freedom to evolve its own procedure to process the applications. It has the powers to give personal hearings or seek written clarifications from the applicants or obtain opinions of any persons/organisations.

What are the considerations for the Authority?

While taking a view on an application, the Authority will have the following considerations: whether the purpose for which a regulation was introduced continues to serve that purpose; whether the purpose can be served by any other means, such as, self-regulation, self-declaration, expost random check, etc.; whether the cost of compliance incurred by the regulated is commensurate with the benefits arising out of such a regulation; whether all the information sought by the regulator is being used purposefully and whether such information can be less intrusive and more focussed.

Action on Application

The application processing procedure envisages clearly defined time limits for processing at various stages. It is expected that in normal circumstances, the Authority will convey its views on an application to the concerned department of the Reserve Bank within 45 days. All efforts will be made to communicate the Authority's decision to the applicant.

Who should the application be made to?

The application may be sent by post, fax or e-mail to :

P.O. Box No. : 10007
E-Mail : rra@rbi.org.in
Fax : (91) (22) (2662105)
Postal Address : Reserve Bank of India (RRA)
16th floor,
Central Office Building,
Shahid Bhagat Singh Road,
Mumbai-400 001

Maureen Shankar
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