RBI relaxes eligibility norms for its regulatory sandbox initiative

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A regulatory sandbox usually refers to a system of live-testing new products or services in a controlled environment, for which regulators may or may not permit relaxations for the limited purpose of the testing.

To encourage innovation and broad-base eligibility criteria, RBI said it has modified the enabling framework, reducing the net worth requirement to ₹10 lakh from ₹25 lakh earlier. That apart, partnership firms and limited liability partnerships have been allowed to participate in the regulatory sandbox.

“Entities meeting the eligibility criteria and having product technologically ready for testing in the RS and or deployment in the broader market, as per the theme of the cohort, may apply," RBI said, adding that the window for submission of applications shall be open from 21 December to 15 February 2021.

RBI said that India is the largest recipient of inbound remittances across the globe, accounting for 15% of global share. In 2019, India received $83 billion and in the first half of 2020, $27.4 billion.

“Further, the daily average turnover of over-the-counter (OTC) foreign exchange instruments in India is approximately $40 billion. The cohort is expected to spur innovations capable of recasting the cross-border payments landscape by leveraging new technologies to meet the needs of a low-cost, secure, convenient and transparent system in a faster manner," it said.

It has decided that MSME lending will be the theme for the third cohort.

In November, RBI said it received applications from 32 entities for the first cohort, of which six were selected for the test phase. Two entities started testing their products on 16 November and the remaining were expected to start the test phase shortly, it had said.