

RBI constitutes second regulations review authority

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The Reserve Bank of India (RBI) has decided to set up a new Regulations Review Authority (RRA 2.0) to streamline regulatory instructions, reduce compliance burden of the regulated entities by simplifying procedures, and reduce reporting requirements, wherever possible.

The authority has been constituted considering the developments in the regulatory functions of the central bank over the past two decades and evolution of the regulatory perimeter, the RBI said in a statement. M Rajeshwar Rao, Deputy Governor, has been appointed as the Regulations Review Authority. The authority will be set up for a period of one year from May 1, unless its tenure is extended by the Reserve Bank.

Terms of reference

The terms of reference of RRA 2.0 include making regulatory and supervisory instructions more effective by removing redundancies and duplications, if any; and to obtain feedback from regulated entities on simplification of procedures and enhancement of ease of compliance.

The authority will seek to reduce compliance burden on regulated entities by streamlining the reporting mechanism; revoking obsolete instructions if necessary and obviating paper-based submission of returns wherever possible.

The RRA will examine and suggest the changes required in dissemination process of RBI circulars/instructions (this would entail suggestions on the areas where the manner of issuing circulars, their updation and website linkages).

The authority will engage internally as well as externally with all regulated entities and other stakeholders to facilitate the process. The RBI had set up the first RRA initially for a period of one year from April 1, 1999, for reviewing the regulations, circulars, reporting systems, based on the feedback from public, banks and financial institutions. The then Deputy Governor YV Reddy was the RRA.

The recommendations of the RRA enabled streamlining and increasing the effectiveness of several procedures, simplifying regulatory prescriptions, paved the way for issuance of master circular, and reduced reporting burden on regulated entities, the RBI said in the statement.