

## **RBI to allow banks to infuse capital in overseas branches without its prior permission**

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While announcing the monetary policy on Wednesday, Reserve Bank of India (RBI) Governor Shaktikanta Das said that banks will be allowed to infuse capital in their overseas branches as well as repatriate profits without seeking its prior approval which will be subject to fulfilling of certain regulatory capital requirements.

At present, banks incorporated in India can infuse capital in their overseas branches and subsidiaries, retain profits in these centres and repatriate/ transfer the profits with prior approval of the RBI.

Extant regulatory instructions on classification and valuation of investment portfolio by scheduled commercial banks are largely based on a framework introduced in October 2000 drawing upon the then prevailing global standards and best practices.

In view of the subsequent significant developments in the global standards on classification, measurement and valuation of investments, the linkages with the capital adequacy framework as well as progress in the domestic financial markets, there is a need to review and update these norms, he said.

As a step in this direction, a discussion paper covering all relevant aspects will be placed shortly on the RBI website for comments, he noted.

In view of the imminent discontinuance of LIBOR, Das said any widely accepted interbank rate or Alternative Reference Rate (ARR) applicable to the currency of borrowing may be used as a benchmark, post discontinuation.

The central bank kept the benchmark interest rate unchanged at 4% and decided to continue with its accommodative stance in the backdrop of concerns over the emergence of the new coronavirus variant Omicron. Consequently, the reverse repo rate will continue to earn 3.35% for banks for their deposits kept with RBI.