

# MONETARY & CREDIT INFORMATION REVIEW



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## Note from the Editor

The Reserve Bank of India recently released its Annual Report for 2024 – 25 alongside convening its 616th Central Board meeting in Mumbai. The Report outlines key developments in the economy and the Reserve Bank's policy priorities, with an emphasis on maintaining macroeconomic stability amid global uncertainties.

A notable highlight is the revision of the Economic Capital Framework (ECF), reflecting a refined approach to risk assessment and balance sheet resilience. This recalibration strengthens the Reserve Bank's capacity to manage contingencies while maintaining transparency and fiscal prudence.

This edition of MCIR captures these developments along with the latest trends in monetary, credit and financial conditions. MCIR can be accessed at <https://mcir.rbi.org.in> as well as by scanning the QR code. We welcome your feedback at [mcir@rbi.org.in](mailto:mcir@rbi.org.in)

Puneet Pancholy  
Editor

### 616th Meeting of Central Board of the Reserve Bank of India

The 616th meeting of the Central Board of Directors of Reserve Bank of India was held on May 23, 2025 in Mumbai under the Chairmanship of Shri Sanjay Malhotra, Governor. The Central Board reviewed the global and domestic economic conditions and approved the Annual Report and Financial Statements for 2024–25. Under the revised Economic Capital Framework, the Contingent Risk Buffer (CRB) was raised to 7.50% of the balance sheet. Following this, the Board approved a surplus transfer of ₹2,68,590.07 crore to the Central Government for FY 2024–25. Deputy Governors Shri M. Rajeshwar Rao, Shri T. Rabi Sankar, Shri Swaminathan J., Dr. Poonam Gupta and other Directors of the Central Board – Shri Ajay Seth, Secretary, Department of Economic Affairs, Shri Nagaraju Maddirala, Secretary, Department of Financial Services, Shri Satish K. Marathe, Smt. Revathy Iyer, Prof. Sachin Chaturvedi, Shri Pankaj Ramanbhai Patel and Dr. Ravindra H. Dholakia – attended the meeting.

### Annual Report 2024-25

The Reserve Bank on May 29, 2025 under section 53 (2) of the Reserve Bank of India Act, 1934 released its Annual Report of the year 2024-25. The report is a statutory report of its Central Board of Directors. It covers the working and functions of Reserve Bank for the period April 2024 - March 2025. The Reserve Bank of India's (RBI) Annual Report for 2024–25 outlines key developments in India's monetary, financial and digital landscapes.

Here are the major highlights:

#### Economic Growth & Inflation Outlook

- **GDP Growth:** The Indian economy is projected to grow at 7% in FY25, driven by strong domestic consumption and capital spending. This follows a 7.6% growth in FY24, marking the third consecutive year of 7%+ growth.
- **Inflation:** Headline inflation moderated to 5.4% in FY24 from 6.7% in FY23, with core inflation falling to 4.3%. The RBI aims to maintain inflation below its 4% medium-term target in FY26.

#### Financial Performance

- **Balance Sheet Growth:** The RBI's balance sheet expanded by 8.2% to ₹76.25 lakh crore in FY25.
- **Surplus Transfer:** A record ₹2.69 lakh crore was transferred to the central government, supporting fiscal consolidation.
- **Income Growth:** Net income increased by 27%, driven by higher global interest rates and profits from dollar sales.

#### Currency Management & Digital Initiatives

- **Currency Notes:** The RBI will cease printing ₹2, ₹5 and ₹2,000 notes. By March 2025, 98.2% of ₹2,000 notes had been returned to banks.
- **Digital Rupee (e₹):** The RBI plans to expand Central Bank Digital Currency (CBDC) pilots, incorporating offline functionality, programmability and cross-border applications.

#### Financial Sector Reforms

- **Regulatory Overhaul:** The RBI will adopt a principle-based approach to regulations, focusing on Expected Credit Loss (ECL) models, asset classification and provisioning norms.
- **Digital Lending:** Efforts are underway to enhance digital lending interfaces, ensuring secure and transparent borrowing experiences.

#### Broader Economic Outlook

- **Global Challenges:** The RBI highlights challenges such as AI adoption and climate shocks, which could impact economic stability.
- **Fiscal Policy:** The government aims to reduce gross market borrowings from 5.3% of GDP in FY24 to 4.3% in FY25, enhancing funds for private investment. To read more, please click [here](#).

## Dr. Poonam Gupta takes over as RBI Deputy Governor

Dr. Poonam Gupta on May 2, 2025 took over as the Deputy Governor of the Reserve Bank of India. The Government of India on April 02, 2025, appointed her to the post of Deputy Governor for a period of three years from the date of joining the post or until further orders, whichever is earlier. As Deputy Governor, Dr. Gupta will look after Monetary Policy Department, Financial Markets Operations Department, Department of Economic and Policy Research, Financial Stability Department, International Department, Department of Statistics and Information Management, Corporate Strategy and Budget Department and Department of Communication.

## I. Regulation

### Economic Capital Framework of the Reserve Bank of India

The Reserve Bank on May 23, 2025 issued a revised Economic Capital Framework (ECF), approved by the Central Board in its meeting on May 15, 2025, following an internal review aligned with the recommendation of the Expert Committee chaired by Dr. Bimal Jalan to review the framework every five years. The revised ECF, effective from FY 2024–25, retains the core principles of the extant framework while introducing refinements to strengthen resilience against emerging risks. Key changes include adopting an integrated approach for computing market risk buffers-factoring in both on and off-balance sheet items and minor currency assets-widening the range for Monetary and Financial Stability risk buffers to  $5.0\% \pm 1.5\%$  of the balance sheet and adjusting the Contingent Risk Buffer range to  $4.5\%–7.5\%$ . To read more, please click [here](#).

### Policy Statement - Framework for Formulation of Regulations

The Reserve Bank on May 7, 2025 issued Framework for [Formulation of Regulations](#) which outlines the broad principles for formulation of Regulations issued in exercise of the powers conferred on the Reserve Bank of India by or under the provisions of various Acts and Rules. It covers aspects regarding stakeholder consultation, impact analysis and review of Regulations. The Framework reinforces and demonstrates the Reserve Bank's commitment to enhanced transparency and consultative approach for issuance of Regulations. To read more, please click [here](#).

### Reserve Bank of India (Digital Lending) Directions, 2025

The Reserve Bank on May 8, 2025 issued the consolidated Reserve Bank of India (Digital Lending) Directions, 2025, streamlining various regulatory instructions for Regulated Entities (REs) involved in digital lending. For the first time, the Directions include final instructions on ensuring transparency in the aggregation of loan products from multiple lenders-based on feedback from a draft circular issued on April 26, 2024 and the operationalisation of a Public Directory of Digital Lending Apps (DLAs). As per these directions, REs must submit details of their DLAs via the Centralised Information Management System (CIMS) portal by June 15, 2025, with the portal opening by May 13, 2025. The public directory, available on the RBI website by July 1, 2025, aims to help customers verify a DLA's association with a RE, based solely on RE-submitted data without RBI validation and will update automatically as REs revise their entries. To read more, please click [here](#).

### Alteration in the name of "North East Small Finance Bank Limited"

The Reserve Bank of India, by Notification DoR.LIC.No.S1134/16.13.216/2025-26 dated May 14, 2025, advised that the name of "North East Small Finance Bank Limited" has been changed to "slice Small Finance Bank Limited" in the Second Schedule to the Reserve Bank of India Act, 1934. This change has been published in the Gazette of India (Part III - Section 4) dated May 16, 2025. To read more, please click [here](#).

### Approval to Emirates NBD Bank PJSC, UAE for setting up a Wholly Owned Subsidiary (WOS)

The Reserve Bank on May 19, 2025 granted "in-principle" approval to Emirates NBD Bank PJSC for setting up a Wholly Owned Subsidiary (WOS) in India, under the "Scheme for Setting up of WOS by foreign banks in India". Emirates NBD Bank PJSC is currently carrying on banking business in India in branch mode through its branches located in Chennai, Gurugram and Mumbai. The in-principle approval has been granted to the bank for setting up a WOS through conversion of its existing branches in India. To read more, please click [here](#).

### Revised Directions on Investment by REs in Alternate Investment Funds

The Reserve Bank on May 19, 2025 issued the revised draft Directions concerning investments by Regulated Entities (REs) in Alternative Investment Funds (AIFs), following its earlier guidelines dated December 19, 2023 and clarifications on March 27, 2024, aimed at curbing potential evergreening. Noting improved financial discipline and in light of SEBI's new due diligence norms, the draft proposes capping a single RE's investment in an AIF scheme at 10% of its corpus, with a collective ceiling of 15% for all REs. Investments up to 5% are exempt from restrictions, but if this threshold is exceeded and the AIF has downstream debt exposure to the RE's debtor company, a 100% provisioning requirement will apply. Strategic AIFs may be exempted in consultation with the government. To read more, please click [here](#).

### Draft circular on 'Updation/ Periodic Updation of KYC- Revised Instructions'

The Reserve Bank on May 23, 2025 released the [draft circular](#) on Updation/ Periodic Updation of KYC – Revised Instructions which encloses the draft Reserve Bank of India (Know Your Customer (KYC)) (Amendment) Directions, 2025 modifying the aforementioned instructions. To read more, please click [here](#).

## 615<sup>th</sup> Meeting of Central Board of the Reserve Bank of India

The 615<sup>th</sup> meeting of the Central Board of Directors of Reserve Bank of India was held on May 15, 2025 in Mumbai under the Chairmanship of Shri Sanjay Malhotra, Governor. Further, the Board reviewed the Economic Capital Framework (ECF) of the Reserve Bank of India. Deputy Governors Shri M. Rajeshwar Rao, Shri T. Rabi Sankar, Shri Swaminathan J., Dr. Poonam Gupta and other Directors of the Central Board – Shri Ajay Seth, Secretary, Department of Economic Affairs, Shri Nagaraju Maddirala, Secretary, Department of Financial Services, Shri Satish K. Marathe, Shri S. Gurumurthy, Smt. Revathy Iyer, Prof. Sachin Chaturvedi, Shri Venu Srinivasan, Shri Pankaj Ramanbhai Patel and Dr. Ravindra H. Dholakia – attended the meeting.

### Draft circular on 'Inoperative Accounts/ Unclaimed Deposits in Banks

The Reserve Bank on May 23, 2025 released the [draft circular](#) on Inoperative Accounts/ Unclaimed Deposits in Banks – Revised Instructions (Amendment) 2025 which modifies the aforementioned instructions. The comments on the draft circular are invited from the public/ stakeholders till June 6, 2025. The comments/ feedback may be submitted through the link under the '[Connect 2 Regulate](#)' Section available on the Reserve Bank's website or may alternatively be forwarded to Reserve Bank of India. To read more, please click [here](#).

## II. Financial Market

### Recognition of Self-Regulatory Organisation in Financial Markets regulated by the Reserve Bank

The Reserve Bank on May 7, 2025 decided to recognise the Fixed Income Money Market and Derivatives Association of India (FIMMDA) as a Self-Regulatory Organisation (SRO) in financial markets regulated by it, following an assessment of FIMMDA's application against the applicable requirements under the regulatory framework. To read more, please click [here](#).

## III. Issuer of Currency

### Issue of ₹20 Denomination Banknotes in Mahatma Gandhi (New) Series

The Reserve Bank will shortly issue ₹20 denomination Banknotes in Mahatma Gandhi (New) Series bearing the signature of Shri Sanjay Malhotra, Governor. The design of these notes is similar in all respects to ₹20 banknotes in Mahatma Gandhi (New) Series. All banknotes in the denomination of ₹20 issued by the Reserve Bank in the past will continue to be legal tender.

### Withdrawal of ₹2000 denomination Banknotes

The Reserve Bank on June 2, 2025 released the status of withdrawal of ₹2000 denomination banknotes. As per the data, the total value of ₹2000 banknotes in circulation declined to ₹6181 crore at the close of business on May 31, 2025. Thus, 98.26 percent of the ₹2000 banknotes in circulation as on May 19, 2023 has since been returned. The ₹2000 banknotes continue to be legal tender.

## IV. Supervision

### Monetary Penalty

The Reserve Bank imposed monetary penalty (above ₹1 lakh) during the month of May 2025 on the following entities under various sections of Banking Regulation Act, 1949 and Reserve Bank of India Act, 1934.

Name of the Entity	Amount
Bank of Baroda	₹61.40 lakh
IDBI Bank Limited	₹31.80 lakh
Bank of Maharashtra	₹31.80 lakh
ICICI Bank Ltd	₹97.80 lakh
Axis Bank Limited	₹29.60 lakh
The Pusad Urban Cooperative Bank Limited, Pusad, Maharashtra	₹7.50 lakh
The Hindusthan Co-operative Bank Ltd., Mumbai, Maharashtra	₹3.00 lakh
The Deccan Merchants Co-operative Bank Ltd., Mumbai	₹2.00 lakh
Jana Small Finance Bank Limited	₹1.00 crore
State Bank of India	₹1.728 crore
The Shimoga District Co-operative Central Bank Ltd., Karnataka	₹1.00 lakh
Mangalore Co-operative Town Bank Ltd., Mangalore, Karnataka	₹1.00 lakh
The Karnataka Central Co-operative Bank Ltd, Dharwad, Karnataka	₹2.00 lakh
Yes Bank Limited	₹29.60 lakh
Deutsche Bank AG, India	₹50 lakh
Union Bank of India	₹63.60 lakh
Transactree Technologies Private Limited ('Lendbox')	₹40 lakh
Murshidabad District Central Co-operative Bank Ltd., West Bengal	₹2.10 lakh
Kunbi Sahakari Bank Ltd., Mumbai, Maharashtra	₹2.50 lakh

## V. Publication

### Working Group on 'Comprehensive review of trading and settlement timings of markets'

The Reserve Bank on May 2, 2025 released the report of the Working Group on the comprehensive review of trading and settlement timings of markets regulated by the Reserve Bank has been published today on the RBI website. Constituted as announced in the Statement on Developmental and Regulatory Policies dated February 7, 2025, the Group was chaired by Shri Radha Shyam Ratho, Executive Director, RBI and was tasked with reviewing existing market timings, identifying operational challenges, studying global practices and recommending the way forward. To read more, please click [here](#).

### Report on Management of Foreign Exchange Reserves

The Reserve Bank on May 5, 2025 released 44<sup>th</sup> half-yearly report on management of foreign exchange reserves with reference to end-March 2025. The report is divided into two parts: [Part I](#) contains the developments regarding movement of foreign exchange reserves, information on the external liabilities vis-à-vis the reserves, adequacy of reserves, etc., during the half-year under review. Objectives of reserve management, statutory provisions, risk management practices, information on transparency and disclosure practices followed by the RBI with regard to reserve management are covered in [Part II](#). To read more, please click [here](#).

### RBI Bulletin

The Reserve Bank on May 21, 2025 released the March 2025 issue of its monthly Bulletin. The Bulletin includes two speeches, four articles and current statistics.. The four articles are:

- I. State of the Economy:** Persistent trade frictions, heightened policy uncertainty and weak consumer sentiment continue to create headwinds for global growth. Amidst these challenges, the Indian economy exhibited resilience. Various high frequency indicators of industrial and services sectors sustained their momentum in April. A bumper rabi harvest and higher acreage for summer crops, coupled with favourable southwest monsoon forecasts for 2025, augur well for the agriculture sector. Headline CPI inflation fell for the sixth consecutive month to its lowest since July 2019, primarily driven by the sustained easing in food prices. Domestic financial market sentiments, which remained on edge in April, witnessed a turnaround since the third week of May.
- II. Economic Activity and Banknotes:** New Approaches: This article investigates the impact of economic activity on banknotes in circulation, with a particular focus on the role of the formal sector. Leveraging high-frequency monthly nightlights data as a proxy for total economic activity and tax collection data as a measure of formal economic activity, the analysis isolates the effect of formalisation on Notes in Circulation (NiC), controlling for aggregate economic output.
- III. Digital Footprints: Decoding India's Inbound Tourism through Internet Searches:** This article explores

Destination Insights with Google (DIG), a non-traditional high-frequency data source, to track inbound tourism in India. DIG monitors global tourism trends through travel-related searches. The study examines the linkage between foreign tourist arrivals (FTA) and Google searches made for travel to India from the rest of the world.

**IV. Impact of Weather Anomalies on Vegetable Prices in India:** Vegetable prices exhibit high volatility and play a major role in driving India's food and headline inflation. The volatility in vegetable prices is often exacerbated by supply-side disturbances, predominantly driven by weather shocks warranting regular monitoring of evolving weather conditions. This study investigates how weather anomalies, particularly in rainfall and temperature, affect vegetable prices in India.

Two Speeches are:

I. [India: A Partner in Progress and Prosperity by Shri Sanjay Malhotra, Governor](#)

II. [Building a Robust Ecosystem for Green and Sustainable Finance in India by Shri M. Rajeshwar Rao, Deputy Governor](#)

To read more, please click [here](#).

### Discussion Paper on Capital Raising Avenues for Primary UCBs

The Reserve Bank on May 22, 2025 released a Discussion Paper proposing new capital-raising avenues for Urban Co-operative Banks (UCBs), including the issuance of Special Share Certificates (SSCs) and shares at a premium. These measures aim to enhance the capital base and financial resilience of UCBs, particularly larger ones. The paper also suggests allowing UCBs to offer loans to investors in Perpetual Non-cumulative Preference Shares (PNCPS) within certain limits. Stakeholders are invited to submit feedback on the proposals through the '[Connect 2 Regulate](#)' portal on the RBI's website by July 15, 2025. To read more, please click [here](#).

## VI. Data Releases and Surveys

Important data released by the Reserve Bank during the month of May 2025 are as follows:

S/N	Title
1	<a href="#">Scheduled Banks' Statement of Position in India as on Friday, May 02, 2025</a>
2	<a href="#">Overseas Direct Investment for April 2025</a>
3	<a href="#">Lending and Deposit Rates of Scheduled Commercial Banks – May 2025</a>
4	<a href="#">Data on ECB / FCCB / RDB for March 2025</a>
5	<a href="#">Monthly Data on India's International Trade in Services for the Month of April 2025</a>
6	<a href="#">Sectoral Deployment of Bank Credit – April 2025</a>