



## I. Regulation

### Conference for the Directors on the Boards of Small Finance Banks (SFBs) held at Bengaluru

The Reserve Bank on September 27, 2024 hosted a conference in Bengaluru for the Directors on the Boards of Small Finance Banks (SFBs). The event, inaugurated by Shri Swaminathan J, Deputy Governor focused on the theme "Governance in SFBs - Driving Sustainable Growth and Stability" and is part of a series of supervisory engagements the RBI has been organising with the Boards of its supervised entities. Similar conferences for Public Sector Banks and Private Sector Banks were held in May 2023 and for Urban Cooperative Banks (UCBs) in August 2023 and June 2024.

RBI Executive Directors Shri S C Murmu, Shri Rohit Jain and Shri R L K Rao, along with senior officials from the Supervision, Regulation and Enforcement Departments, participated in the event. In his keynote address, Deputy Governor emphasised the critical role of governance in steering SFBs toward sustainable growth and stability. He urged Directors to be proactive in identifying and mitigating risks while reinforcing the importance of sustainable business models. He also highlighted the need to strengthen cybersecurity against digital threats and called for greater focus on financial inclusion, customer service and grievance redressal to expand banking services.

The conference included technical sessions led by senior RBI officials on topics such as "Governance and Assurance Functions," "Business Risk – Regulatory & Supervisory Expectations," and "IT Systems & Cybersecurity." An external expert delivered a talk on "Board Conduct in Banks," followed by a panel discussion with Independent Directors of selected SFBs on "SFBs Prospects & Challenges." The event concluded with an open house interactive session between participants and RBI Executive Directors. To read more, please click [here](#).

### Certificate of Registration

13 Non-Banking Financial Companies (NBFCs) have surrendered the Certificate of Registration (CoR) granted to them by the Reserve Bank of India (RBI). The RBI, in exercise of powers conferred on it under section 45-IA (6) of the Reserve Bank of India Act, 1934, has therefore cancelled the CoR. To read more, please click [here](#).

The Reserve Bank on September 13, 2024 informed the cancellation of Certificate of Registration (CoR) of four Non-Banking Financial Companies (NBFCs). The RBI, in exercise of powers conferred on it under section 45-IA (6) of the Reserve Bank of India Act, 1934, has therefore cancelled the CoR. To read more, please click [here](#).

### Gold loans - Irregular practices observed in grant of loans against pledge of gold ornaments and jewellery

The Reserve Bank on September 30, 2024 after reviewing adherence to prudential guidelines for loans against gold ornaments and jewellery and conducting onsite examinations of select Supervised Entities (SEs), identified several irregular practices, including third-party involvement in sourcing and appraising loans, improper gold valuation processes, inadequate due diligence, lack of transparency in auctions, poor monitoring of loan-to-value ratios and incorrect risk-weight applications. SEs are advised to review and rectify these deficiencies promptly, strengthen controls over outsourced activities and closely monitor their gold loan portfolios. Non-compliance will result in supervisory action, with a report due to the RBI within three months.

#### Deficiencies observed during review of gold loans in select SEs

The Reserve Bank observed several irregularities in gold loans granted through partnerships with Fintech entities and business correspondents (BCs), including improper valuation practices, inadequate LTV monitoring, non-compliance with KYC norms and insecure gold storage. Other issues included lack of end-use verification for non-agriculture loans, improper handling of top-up loans without fresh appraisal, low auction recovery values, high cash disbursement in violation of statutory limits, weak governance, evergreening of loans and non-classification of overdue loans as NPAs. Additionally, SEs showed inadequate oversight and controls over third-party entities, raising concerns about transparency and compliance. To read more, please click [here](#).

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## Note from the Editor

Welcome to the September 2024 edition of the Monetary and Credit Information Review (MCIR). This monthly periodical of Reserve Bank of India helps keep abreast with the latest developments and important policy initiatives taken by the Bank during this month in the areas of money and credit. Our endeavor to share information, impart knowledge and to stay in touch, ensuring factual accuracy and consistency in disseminating the information. 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

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

The 610<sup>th</sup> meeting of the Central Board of Directors of the Reserve Bank of India was held on September 4, 2024 in Mumbai under the Chairmanship of Shri Shaktikanta Das, Governor.

The Board reviewed the global and domestic economic scenario and outlook, including associated challenges. The Board also reviewed various areas of operations of the Reserve Bank of India including the functioning of Local Boards and activities of select Central Office Departments.

Deputy Governors Dr. Michael Debabrata Patra, Shri M. Rajeshwar Rao, Shri T. Rabi Sankar and other Directors of the Central Board – Shri Satish K. Marathe, Smt. Revathy Iyer, Prof. Sachin Chaturvedi, Shri Venu Srinivasan, Shri Pankaj Ramanbhai Patel and Dr. Ravindra H. Dholakia – attended the meeting. Shri Ajay Seth, Secretary, Department of Economic Affairs and Shri Nagaraju Maddirala, Secretary, Department of Financial Services, also attended the meeting.

### Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit

The Reserve Bank on September 20, 2024 announced that the Government of India, through Trade Notices No.16/2024-2025 dated August 31, 2024 and No.17/2024-2025 dated September 17, 2024, has extended the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit for MSME Manufacturer exporters from September 1, 2024, to September 30, 2024. The extension applies exclusively to MSME Manufacturer exporters, with a cap of ₹5 Crore per Importer-Exporter Code (IEC) for the financial year starting April 1, 2024 and an overall annual limit of ₹10 Crore. For non-MSME Manufacturer and Merchant Exporters, the cap remains ₹2.5 Crore per IEC until June 30, 2024. All other provisions of the scheme remain unchanged as per previous instructions. To read more, please click [here](#).

BNP Paribas	₹31.80 lakh
SMFG India Credit Company Limited	₹23.10 lakh
Muthoot Vehicle & Asset Finance Limited	₹ 7.90 lakh
Hewlett Packard Financial Services (India) Private Limited	₹10.40 lakh
Lucknow University Primary Co-operative Bank Ltd., Lucknow, Uttar Pradesh	₹3.00 lakh
The Urban Co-operative Bank Limited, Anantnag	₹ 5.00 lakh
The Bihar Awami Co-operative Bank Limited, Patna	₹1.50 lakh
The Surat People's Co-operative Bank Limited, Surat	₹61.60 lakh

## II. Supervision

### Monetary Penalty

The Reserve Bank imposed monetary penalty during the month of September 2024 on the following entities under various sections of Banking Regulation Act, 1949.

Name of the Entity	Amount of Monetary Penalty
Durgapur Mahila Co-operative Bank Limited, Kolkata	₹ 1.00 lakh
Housing and Urban Development Corporation Limited	₹ 3.50 lakh
Aadhar Housing Finance Limited	₹ 5.00 lakh
Godrej Housing Finance Limited	₹ 5.00 lakh
Jila Sahakari Kendriya Bank Maryadit, Vidisha, Madhya Pradesh	₹ 1.00 lakh
Nagrik Sahakari Bank Maryadit, Raipur, Chhattisgarh	₹ 3.50 lakh
Jila Sahakari Kendriya Bank Maryadit, Raipur, Chhattisgarh	₹1.50 lakh
Samarth Sahakari Bank Limited, Solapur, Maharashtra	₹4.50 lakh
HDFC Bank Limited	₹ 1.00 crore
Axis Bank Limited	₹ 1.91 crore

## III. Foreign Exchange

### LRS for Resident Individuals- Discontinuation of Reporting of monthly return

The Reserve Bank on September 6, 2024 reviewed the Liberalised Remittance Scheme (LRS) and decided to discontinue the requirement for submission of LRS monthly return by AD Category-I banks. Accordingly, from the reporting month of September 2024, AD Category-I banks shall not submit LRS monthly return (Return code : R089). AD Category-I banks, henceforth, will be required to upload only transaction-wise information under LRS daily return (CIMS return code: R010) at the close of business of the next working day on CIMS (URL: <https://sankalan.rbi.org.in>). In case no data is to be furnished, AD Category-I banks shall upload a 'NIL' report. To read more, please click [here](#).

## IV. Debt Manager to Government

### Floating Rate Bond 2033

The Reserve Bank on September 20, 2024 announced the rate of interest on Government of India Floating Rate Bond 2033 (GOI FRB 2033) applicable for the half year September 22, 2024 to March 21, 2025. As per the announcement, the rate of interest of GOI FRB 2033 shall be 7.93 per cent per annum. To read more, please click [here](#).

## 31<sup>st</sup> Meeting of the FSDC Sub-Committee

A meeting of the Sub-Committee of the Financial Stability and Development Council (FSDC-SC) was held on September 5, 2024 at the Reserve Bank of India, Mumbai under the chairmanship of Shri Shaktikanta Das, Governor, Reserve Bank of India.

The Sub-Committee reviewed major global and domestic macroeconomic and financial developments and issues relating to inter-regulatory coordination in the Indian financial sector. Members shared their assessments of potential risks to financial stability and discussed various issues that may have financial stability implications. The Sub-Committee also reviewed the activities of various technical groups under its purview and the functioning of State-level Coordination Committees (SLCCs) in States/Union Territories (UTs). The FSDC-SC resolved to continue its focus on improving financial sector resilience through inter-regulatory coordination, while remaining watchful of emerging challenges to the economy and the financial system, including those from global spillovers, cyber hazards and climate change.

The meeting was attended by the members of the Sub-Committee, Ms. Madhabi Puri Buch, Chairperson, Securities and Exchange Board of India (SEBI); Shri Debasish Panda, Chairperson, Insurance Regulatory and Development Authority of India (IRDAI); Dr. Deepak Mohanty, Chairperson, Pension Fund Regulatory and Development Authority (PFRDA); Shri K. Rajaraman, Chairperson, International Financial Services Centres Authority (IFSCA); Shri S.Krishnan, Secretary, Ministry of Electronics and Information Technology; Shri Sanjay Malhotra, Secretary, Department of Revenue; Ms. Deepti Gaur Mukerjee, Secretary, Ministry of Corporate Affairs; Shri Nagaraju Maddirala, Secretary, Department of Financial Services; Dr. Shashank Saxena, Secretary, Financial Stability and Development Council; Deputy Governors of the Reserve Bank – Dr. Michael Debabrata Patra, Shri M. Rajeshwar Rao, Shri T. Rabi Shankar, Shri Swaminathan J.; and Dr. O. P. Mall, Executive Director of the Reserve Bank.

### WMA Limit

The Reserve Bank on September 26, 2024 in consultation with Government of India decided that the limit for Ways and Means Advances (WMA) for the second half of the financial year 2024-25 (October 2024 to March 2025) will be ₹50,000 crore.

The Bank may trigger fresh floatation of market loans when the Government of India utilises 75 per cent of the WMA limit. Further, the Bank in consultation with the Government of India, retains the flexibility to revise the limit at any time taking into consideration the prevailing circumstances. The interest rate on WMA and Overdraft will be Repo Rate and two percent above the Repo Rate, respectively. To read more, please click [here](#).

### Calendar for Auction of GoI T-Bills

The Reserve Bank on September 26, 2024 in consultation with the Government of India (GoI) and after reviewing the cash position of the Central Government notified the calendar for issuance of Treasury Bills for the quarter ending December 2024. The total notified amount for the quarter is ₹2,47,000 crore.

Further, the Bank in consultation with the GoI, will have the flexibility to modify the notified amount and timing for auction of Treasury Bills depending upon the requirements of the Government of India, evolving market conditions and other relevant factors, after giving due notice to the market. Thus, the calendar is subject to change, if circumstances so warrant, including for reasons such as intervening holidays. To read more, please click [here](#).

### Calendar for Marketable Dated Securities

The Reserve Bank on September 26, 2024 in consultation with the Government of India (GoI) notified the indicative calendar for issuance of Government dated securities, including Sovereign Green Bonds (SGrB), for the second half of the fiscal year 2024-25 (October 1, 2024 to March 31, 2025). The Reserve Bank of India, in consultation with the Government of India, reserves the right to exercise the greenshoe option to retain additional

subscription up to ₹2,000 crore against each of the securities indicated in the auction notifications. The total notified amount is ₹6,61,000 crore. To read more, please click [here](#).

## V. Issuer of Currency

### Withdrawal of ₹2000 denomination Banknotes

The Reserve Bank on October 1, 2024 released the status of withdrawal of ₹2000 denomination banknotes. As per the data, the total value of ₹2000 banknotes in circulation declined to ₹7117 crore at the close of business on September 30, 2024. Thus, 98 percent of the ₹2000 banknotes in circulation as on May 19, 2023 has since been returned. To read more, please click [here](#).

## VI. Publication

### Handbook of Statistics of the Indian Economy

The Reserve Bank on September 13, 2024 released its annual publication titled 'Handbook of Statistics on the Indian Economy, 2023-24'. This publication, the 26<sup>th</sup> in the series, disseminates a wide range of data on macroeconomic and financial variables, such as national income, prices, money, banking, financial markets, public finances, foreign trade and balance of payments, along with select socio-economic indicators. To read more, please click [here](#).

### RBI - Occasional Papers - Vol. 44, No.2, 2023

The Reserve Bank on September 30, 2024 released the [Volume 44, No.2, 2023](#) of its Occasional Papers, a research journal containing contributions from its staff. This issue contains three articles and three book reviews. Articles: i) Cross-border Capital Flows and Sudden Stops: Lessons from Emerging Market Economies ii) Procyclicality in Total Factor Productivity Measurement: An Analysis of the India KLEMS Data iii) Macroprudential Policy and Tail Effects on Growth in India. The RBI

Occasional Papers included three insightful book reviews by RBI officials.

i) *How Economics Can Save the World* by Erik Angner, which offers actionable, evidence-based solutions to major global challenges, emphasizing the relevance of economics in diverse aspects of life.

ii) *Money in One Lesson* by Gavin Jackson, which explores the concept of money, its historical evolution, and the influence of governments and central banks on economies and daily life.

iii) *Handbook of Real Estate and Macroeconomics* edited by Charles Ka Yui Leung, highlighting its comprehensive evaluation of the interaction between real estate and macroeconomic factors. To read more, please click [here](#).

## Research Paper

The Reserve Bank on September 26, 2024 on its website a research study titled "Status of Digital Financial Literacy in Lakshadweep Islands: Bottlenecks and Way Forward" under the Project Research Study1. The study is based on the primary data collected from all the ten inhabited islands in Lakshadweep - Agatti, Amini andrott, Bitra, Chetlat, Kadmat, Kalpeni, Kavaratti, Kiltan and Minicoy - to analyse the present status of digital financial literacy and digital financial inclusion. While households were the primary unit of enumeration of the survey, SHG members, bank employees, school authorities, students and business-persons in the islands were also interviewed.

The major findings of the study are the following:

- All individual respondents in the surveyed islands reported access to bank deposit accounts.
- Though there was no gender gap in the access to bank deposit accounts, there was a considerable difference between men and women with regard to banking habits in general, usage of deposit accounts in particular.
- Not just basic literacy but also digital literacy, assessed in terms of possession as well as competency to use mobile phones and computers, was found to be high among the survey respondents.
- Automated Teller Machines (ATMs) were the most popularly used means of digital banking in the islands. About 90 per cent of the respondents in the islands had ATM cards, while 80 per cent reported an actual usage of these cards.
- Despite a high degree of financial inclusion and digital literacy, a major barrier towards digital financial inclusion in the islands was the poor Internet connectivity; respondents reported apprehensions about digital transaction failures. To read more, please click [here](#).

## RBI Bulletin

The Reserve Bank on September 20, 2024 released the September 2024 issue of its monthly Bulletin. The Bulletin includes eleven speeches, four articles and current statistics. The four articles are:

i) *State of the Economy*

Global economic activity is slowing down while the pace of disinflation remains sluggish, provoking caution among monetary policy authorities. In India, domestic drivers – private consumption and gross fixed investment – were robust and net exports remained sequentially positive in their support to gross domestic product (GDP) growth in Q1:2024-25. The underperformance of agriculture was compensated for by a buoyant manufacturing sector and resilient services. Household consumption is poised to

grow faster in Q2 as headline inflation eases, with a revival of rural demand already taking hold. Consumer price index (CPI) inflation came in below the Reserve Bank's target for the second consecutive month in August, although in light of the recent experience, food price volatility remains a contingent risk.

ii) *Synchronisation of Indian States' Business Cycle*

Given the distinct economic characteristics of the Indian states, this paper explores the growth dynamics and nature of co-movement of business cycles of the Indian states. Synchronisation of national and sub-national cycles over the last four decades has been analysed using Baxter-King's (B-K) band-pass filter and unobserved component model (UCM). Furthermore, influence of geographical proximity and economic structure of states on business cycle synchronisation has been examined through a regression framework.

iii) *Priority Sector Lending: The Indian Experience*

Priority sector lending (PSL) in India has been used as a policy intervention tool to direct credit to the needy sectors of the economy. This article evaluates the commercial viability of such loans and their impact on the overall financial health of banks using quarterly bank-level data from March 2006 to March 2023.

iv) *Peeling the Layers: A Review of the NBFC Sector in Recent Times*

This article assesses the performance of the NBFC sector against the backdrop of the recent Scale Based Regulation (SBR) framework in 2023-24 (up to Q3) using supervisory data. It also provides an overview of the global Non-Banking Financial Institution (NBFI) landscape, with focus on India. Additionally, the article details the evolution of regulatory framework pertaining to India's NBFC sector. To read more, please click [here](#).

## VII. Data Release

Important data released by the Reserve Bank during the month of September 2024 are as follows:

S/N	Title
1	<a href="#">Scheduled Banks' Statement of Position in India as on Friday, September 06, 2024</a>
2	<a href="#">Overseas Direct Investment for August 2024</a>
3	<a href="#">Lending and Deposit Rates of Scheduled Commercial Banks – September 2024</a>
4	<a href="#">Sectoral Deployment of Bank Credit – August 2024</a>
5	<a href="#">India's International Investment Position (IIP), June 2024</a>
6	<a href="#">India's International Trade in Services for the Month of August 2024</a>
7	<a href="#">India's External Debt as at the end of June 2024</a>
8	<a href="#">Sources of Variation in India's Foreign Exchange Reserves during April-June 2024</a>
9	<a href="#">Data on ECB / FCCB / RDB for July 2024</a>