

# MONETARY & CREDIT INFORMATION REVIEW



MCIR



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## I. Regulation

### Reserve Bank of India issues Consolidated Master Directions

The Reserve Bank on November 28, 2025, issued 244 consolidated Master Directions, replacing over 9,000 existing circulars and guidelines administered by the Department of Regulation. This landmark initiative consolidates regulatory instructions on an "as-is" basis to streamline the framework, enhance accessibility, and reduce compliance burden for Regulated Entities. The exercise marks a strategic shift toward simplifying regulatory communication while preserving the integrity of existing instructions.

The consolidated Master Directions are structured function-wise across 11 categories of Regulated Entities, including Commercial Banks, Small Finance Banks, Urban Co-operative Banks, and Non-Banking Financial Companies. Instructions pertaining to Regional Rural Banks, State Co-operative Banks, and Central Co-operative Banks were consolidated in consultation with NABARD, ensuring seamless alignment with sector-specific regulatory requirements.

The issuance of these Master Directions results in the immediate withdrawal of 9,445 circulars, which were either fully integrated into the new framework or deemed obsolete. Circulars retained for ongoing actions—such as those related to pending investigations or transitional compliance—remain valid until their specific objectives are fulfilled, ensuring regulatory continuity.

The Master Directions now serve as the exclusive regulatory reference for the Department of Regulation, accessible via the Notifications → Master Directions → [Department of Regulation](#) section on the RBI website. This consolidation eliminates ambiguities arising from overlapping or outdated instructions, providing Regulated Entities with a unified, up-to-date repository of applicable regulations.

Repealed / Withdrawn circulars following the issue of these consolidated Master Directions have been cataloged under Notifications → Circulars Withdrawn → [Circulars withdrawn by the Department of Regulation](#) for transparency, allowing stakeholders to track historical context. This initiative underscores the Reserve Bank's commitment to fostering ease of doing business while maintaining robust regulatory oversight, with the final documents reflecting stakeholder feedback received during the public consultation phase. To read more, please click [here](#).

### Recognition of Self-Regulatory Organisation for Payment System Operators

Reserve Bank on November 11, 2025, recognized the Self-Regulated PSO Association (SRPA) as a Self-Regulatory Organisation (SRO) for Payment System Operators (PSOs), following its application under the Framework for Recognition of a Self-Regulatory Organisation for Payment System Operators issued on October 22, 2020, and the subsequent Omnibus Framework for Recognition of SROs for Regulated Entities of the Reserve Bank dated March 21, 2024, after thorough evaluation of compliance with prescribed criteria and governance standards. To read more, please click [here](#).

### Interlinking of Unified Payments Interface (UPI) with the TARGET Instant Payment Settlement (TIPS) of the Eurosystem

Reserve Bank of India, on November 21, 2025, announced its ongoing efforts to interlink the Unified Payments Interface (UPI) with fast payment systems across international jurisdictions to advance cross-border payment efficiency. These initiatives are aligned with the G20 Roadmap for enhancing cross-border payments, focusing on rendering remittance services more affordable, efficient, transparent, and accessible. In collaboration with NPCI International Payments Limited (NIPL), the Reserve Bank has engaged constructively with the European Central Bank to integrate UPI with the TARGET Instant Payment Settlement (TIPS) system. Both parties have agreed to proceed to the realization phase for the UPI-TIPS linkage, which is designed to facilitate seamless cross-border remittances between India and the Euro Area. The Reserve Bank and NIPL will continue close coordination with the European Central Bank to finalize technical integration, risk management frameworks, and settlement mechanisms for operationalizing this linkage. To read more, please click [here](#).

Brij Raj  
Editor

## **Supersession of Board of Directors of Abhyudaya Cooperative Bank Ltd., Mumbai - Extension of period**

The Reserve Bank on November 7, 2025, extended the supersession of the Board of Directors of Abhyudaya Cooperative Bank Ltd., Mumbai, for a further year effective from November 24, 2025, under Section 36AAA read with Section 56 of the Banking Regulation Act, 1949, following the initial supersession on November 24, 2023 due to material concerns arising from poor governance standards observed within the bank, and its first extension effective November 24, 2024. Shri Satya Prakash Pathak continues as Administrator, supported by the Committee of Advisors comprising Shri Venkatesh Hegde, Shri Devendra Kumar, and Shri Suhas Gokhale. To read more, please click [here](#).

₹91.00 lakh (Rupees Ninety One Lakh only) on HDFC Bank Ltd. for contravention of Section 19(1)(a) read with Section 6(1) of the Banking Regulation Act, 1949 (BR Act) and non-compliance with RBI directives on 'Interest Rate on Advances', 'Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks', and 'Know Your Customer (KYC)'. The penalty, levied under Section 47A(1)(c) read with Section 46(4)(i) of the BR Act, follows the Statutory Inspection for Supervisory Evaluation (ISE 2024) as of March 31, 2024, which confirmed sustained violations including adoption of multiple benchmarks within the same loan category, engagement by a wholly-owned subsidiary in non-permissible banking activities under Section 6, and outsourcing KYC compliance determinations to outsourcing agents. This action, reflecting deficiencies in statutory and regulatory adherence, does not affect the validity of customer transactions and is without prejudice to further enforcement measures by the Reserve Bank.

## **Reserve Bank of India reconstitutes the Committee of Advisors of Irinjalakuda Town Co-operative Bank Ltd**

The Reserve Bank on November 13, 2025, announced the reconstitution of the Committee of Advisors (CoA) for the Administrator of Irinjalakuda Town Co-operative Bank Ltd., effective immediately, following Shri T.A. Mohammed Sageer's withdrawal from the CoA due to personal reasons. The revised CoA will comprise (i) Shri Mohanan K, former Deputy General Manager, South Indian Bank, and (ii) Shri Mohan T M, former General Manager, South Indian Bank, while Shri Raju S Nair continues as the Administrator without change. This action follows the Reserve Bank's imposition of All Inclusive Directions on the bank on July 30, 2025, and the subsequent supersession of its Board on October 07, 2025. The Reserve Bank remains closely engaged with the developments and will take all necessary steps to safeguard the interests of the bank's depositors. To read more, please click [here](#).

## **RBI issues Reserve Bank of India (Digital Banking Channels Authorisation) Directions, 2025**

The Reserve Bank on November 28, 2025, issued the final Master Directions on Digital Banking Channels Authorisation, 2025, following the draft released on July 21, 2025, which sought stakeholder feedback. These consolidated directions replace fragmented prior guidelines to address the significant evolution of digital banking services, including new and innovative channels, with the objective of fostering sustainable growth through updated regulatory frameworks. After thorough review of stakeholder input and incorporation of necessary revisions, the final instructions now provide a unified structure governing internet and mobile banking services, ensuring robust oversight while accommodating advancements in digital banking ecosystems. To read more, please click [here](#).

## **RBI imposes monetary penalty on HDFC Bank Limited**

The Reserve Bank on November 28, 2025, announced the imposition of a monetary penalty of

## **II. Foreign Exchange**

### **Trade Relief Measures**

The Reserve Bank on November 14, 2025, announced comprehensive measures to mitigate trade disruption impacts on exports amid global headwinds, comprising: (A) FEMA Regulation on realization and repatriation of proceeds of export of goods/ software/ services and advance payment against exports, extending the realization/repatriation period for export proceeds from nine to fifteen months and increasing the advance payment shipment window from one to three years; and (B) The Reserve Bank of India (Trade Relief Measures) Directions, 2025, enabling: (i) Moratorium on/ deferment of payment of all of term loans and recovery of interest on working capital loans, as applicable, falling due between September 1, 2025, and December 31, 2025 and (ii) Enhancement in maximum credit period from one year to 450 days for pre-shipment and post-shipment export credit disbursed till March 31, 2026. These measures, effective immediately. To read more, please click [here](#).

### **Compounding of Contraventions under FEMA, 1999**

The Reserve Bank on November 24, 2025 amended the Master Directions on Compounding of Contraventions under FEMA, 1999 (dated April 22, 2025) in order to streamline the receipt of compounding application fee and 'sum for which a contravention is compounded' ('compounding amount'), it has been decided to change the account details of account where compounding application fee and compounding amount will be received through National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS). Accordingly, Annexure I of the aforesaid Master Directions has been modified to include the revised account details. All Authorised Persons are directed to disseminate these updated guidelines to their constituents immediately. To read more, please click [here](#).

#### Withdrawal of ₹2000 denomination Banknotes

The Reserve Bank on December 1, 2025 released the status of withdrawal of ₹2000 denomination banknotes. As per the data, the total value of ₹2000 banknotes in circulation declined to ₹5,743 crore at the close of business on November 29, 2025. Thus, 98.39 percent of the ₹2000 banknotes in circulation as on May 19, 2023 has since been returned. To read more, please click [here](#).

### IV. Publication

#### India: Financial Sector Assessment Program, 2024

The Reserve Bank on November 7, 2025 announced the completion of the mandatory Financial Sector Assessment Program (FSAP) 2024 conducted by the IMF and World Bank, with the IMF releasing its Financial System Stability Assessment (FSSA) report on February 28, 2025, and the World Bank publishing the Financial Sector Assessment (FSA) report on October 30, 2025. The assessment confirms India's financial system has grown more resilient, diversified, and inclusive since the 2017 FSAP, attributing this progress to reforms that enabled recovery from 2010s distress episodes and pandemic challenges, while emphasizing that achieving India's USD 30 trillion economy vision by 2047 necessitates further financial sector reforms to boost private capital mobilization.

The World Bank acknowledged significant advancements in bank and NBFC regulation, including expanded oversight of cooperative banks, scale-based NBFC frameworks, and securities market reforms such as enhanced collateral management and sustainable investment frameworks. It also highlighted India's world-class Digital Public Infrastructure for improving financial inclusion, though recommended targeted measures to increase account usage among women and MSMEs, alongside stronger conduct-risk monitoring in mutual funds and development of a national Climate Finance taxonomy.

In its assessment, the FSA noted robust capital market growth (rising from 144% to 175% of GDP) supported by diverse investor participation, while recommending credit enhancement mechanisms and securitization platforms to mobilize further capital. The report affirmed the insurance sector's adherence to global standards and praised IBC implementation and MSME credit growth through TReDS, yet urged comprehensive MSME credit data publication and establishment of a dedicated data observatory to enhance sectoral financing.

India welcomes the FSAP findings, which align with domestic developmental plans and underscore the commitment to adopting international best practices attuned to domestic economic conditions. The Reserve Bank will continue collaborating with regulators to implement recommendations—particularly in climate risk management, capital market deepening, and MSME credit infrastructure—while maintaining the financial sector's resilience amid evolving global challenges. To read more, please click [here](#).

The Reserve Bank on November 24, 2025 released the November 2025 issue of its monthly Bulletin. The Bulletin includes six speeches, five articles and current statistics.

The six speeches are:

- I. [Regulation by RBI: Some Reflections by Shri Sanjay Malhotra](#)
- II. [The Evolving Facets of Regulations by Shri Sanjay Malhotra](#)
- III. [Transformational Technologies and Banking: Key Issues by Shri T Rabi Sankar](#)
- IV. [Where Governance Intent is Strong, Regulatory Gaps and Overlaps Fade by Shri Swaminathan J](#)
- V. [Policy Frameworks for Economic Resilience: The Case of Emerging Markets and India by Dr. Poonam Gupta](#)
- VI. [Central Bank Accounting Practices: The Reserve Bank of India and Global Approaches by Shri Shirish Chandra Murmu](#)

The five articles are:

- I. [State of the Economy](#)

Global uncertainty remains elevated, although October witnessed a slight pullback after more than a year of continuous increase. Concerns persist about the heightened exuberance in global equity markets, raising questions about its sustainability and its implications for financial stability. The Indian economy showed signs of a further pick up in momentum, despite continuing global headwinds. Available high-frequency indicators for October suggest a robust expansion in both manufacturing and services activities, supported by festive season demand and the ongoing positive impact of the GST reforms. Inflation has moderated to a historic low and remained well below the target rate. Financial conditions remained benign, and the flow of financial resources to the commercial sector increased significantly from a year ago.

- II. ['Making the Horizons Meet': A Heterodox Approach for Short-Term Inflation Forecasting](#)

This article presents a framework that generates short-term inflation forecasts integrating three diverse procedures: (i) nowcasts (ii) machine learning and statistical methods and (iii) system of dynamic and stochastic equations, allowing nowcasts in the near-end of the horizon to converge to the benchmark forecasts, accentuated or delayed by persistence, spillovers, and macro-linkages. The framework is built on seasonallyadjusted disaggregated monthly data of 33 sub-groups/ components of the CPI-Combined. It employs techniques such as full information matrix, machine learning and statistical models, Bayesian estimation, Kalman filtering and dynamic optimisation to produce point as well as density forecasts of inflation.

- III. [Multivariate Core Trend Inflation: A New Measure of Core Inflation](#)

This study estimates Multivariate Core Trend (MCT) inflation by using disaggregated CPI series with dynamic sectoral weights. By assigning time-varying weights based on sectoral volatility, persistence, and co-movement, our model identifies whether underlying inflation is driven by broad-based trend or sector-specific forces. The results

show a stable contribution of sector-specific trends, while changes in the common trend – comprising both volatile components (food and fuel) and more stable components (core) – largely determine the dynamics of MCT. We find that MCT inflation tracks both core and headline inflation more effectively over longer horizons, offering a more reliable gauge of underlying inflationary pressures.

#### IV. Nowcasting GDP in India: A New Approach

Nowcasting has become a useful tool for policymakers especially for macroeconomic variables like GDP for which data are released with considerable lags. A novel two-step approach for nowcasting India's GDP is proposed using twenty-two high frequency indicators wherein the first factor is obtained based on the strength of each indicator in relation to GDP and a second factor is built from the residual information of the indicators which are otherwise generally discarded. The empirical exercise reveals that incorporating secondary information from residuals greatly improves accuracy of nowcasting GDP

#### V. Seasonality in Key Economic Indicators of India

This article unveils the seasonal patterns in key economic indicators for India, analysing 78 monthly indicators across six major sectors—monetary and banking, payment systems, prices, industrial production, merchandise trade and services along with 25 quarterly indicators spanning national accounts, balance of payments, capacity utilisation of Indian manufacturing companies and forward looking enterprise surveys. Large seasonal fluctuations were noted in various economic indicators, including cash balances with RBI, demand deposits, vegetable prices, production across sectors and merchandise exports. The quarterly data reveal increased seasonality in real GDP, influenced by government expenditure. Among supply side components, GVA agriculture demonstrated the highest seasonal variations. Lastly, capacity utilisation and services exports also experienced high seasonal variation.

### Survey on Computer Software and Information Technology Enabled Services Exports: 2024-25

The Reserve Bank on November 4, 2025, released the data from the 2024-25 annual survey on computer software and information technology-enabled services (ITES) exports, based on responses from 2,206 companies (accounting for 90% of total software services exports), which collectively reported a 7.3% year-on-year increase in exports to US\$204.7 billion. The survey, covering 6,766 companies, underscores the resilience of India's software services sector, with participating entities representing the majority of the industry's export volume and providing granular insights into activity types, delivery modes, and geographic distribution.

Key highlights include computer services constituting over two-thirds of total software exports, while business process outsourcing (BPO) remained the dominant ITES component. Private limited companies drove growth with a 11.6% rise in exports, outpacing public limited firms' marginal 1.3% increase. Geographically, exports to the

United States grew at 4.9%, while its share reduced to 52.9% (from 54.1% in 2023-24), while Europe's share rose to 32.8% amid 14.3% growth. The U.S. dollar remained the primary invoicing currency (72.0%), followed by the Euro (9.6%), with off-site delivery accounting for 90.7% of exports. Including services delivered by foreign affiliates, total software exports reached US\$218.6 billion, reflecting sustained global demand for India's digital and IT-enabled solutions. To read more, please click [here](#).

### V. Data Release and Surveys

Important data and surveys released by the Reserve Bank during the month of November 2025 are as follows:

S/N	Title
1	<a href="#">ECB/FCCB/RDB for September 2025</a>
2	<a href="#">Reserve Money for the week ended November 21, 2025 and Money Supply for the fortnight ended November 14, 2025</a>
3	<a href="#">Performance of Private Corporate Business Sector during Q2:2025-26</a>
4	<a href="#">All-India House Price Index (HPI) Q2:2025-26</a>
5	<a href="#">Scheduled Banks' Statement of Position in India as on Friday, November 14, 2025</a>
6	<a href="#">Sectoral Deployment of Bank Credit – October 2025</a>
7	<a href="#">Quarterly Basic Statistical Return (BSR)-1 on Credit by Scheduled Commercial Banks – September 2025</a>
8	<a href="#">Quarterly Basic Statistical Return (BSR)-2 on Deposits with Scheduled Commercial Banks - September 2025</a>
9	<a href="#">Monthly Data on India's International Trade in Services for the Month of October 2025</a>
10	<a href="#">Lending and Deposit Rates of Scheduled Commercial Banks – November 2025</a>