

# MONETARY & CREDIT INFORMATION REVIEW



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## I. Regulation

### Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025

The Reserve Bank on July 2, 2025, issued the Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025, to ensure consistency and transparency in the levy of pre-payment charges across Regulated Entities (REs). These Directions aim to address customer grievances arising from inconsistent practices and restrictive clauses in loan agreements, particularly affecting Micro and Small Enterprises (MSEs). Effective from January 1, 2026, the Directions prohibit REs from levying pre-payment charges on floating rate loans granted to individuals for non-business purposes and to individuals and MSEs for business purposes, subject to specific conditions based on the category of RE and sanctioned loan amount. The Directions are applicable to all commercial banks (excluding payment banks), co-operative banks, NBFCs and All India Financial Institutions.

The Directions also mandate that the terms regarding pre-payment charges must be clearly disclosed in the sanction letter, loan agreement and, where applicable, the Key Facts Statement (KFS). Charges not disclosed upfront cannot be imposed later and no retrospective fees or charges waived earlier can be levied at the time of pre-payment. Additionally, borrowers will not be charged pre-payment fees if they opt not to renew a cash credit or overdraft facility and notify the RE in advance. These Directions supersede earlier instructions detailed in specified RBI circulars and Master Directions, which stand repealed from the effective date. To read more, please click [here](#).

### Basel III Capital Regulations – External Credit Assessment Institutions (ECAIs) – CareEdge Global IFSC Limited

The Reserve Bank on July 10, 2025, permitted banks to use the ratings of M/s CareEdge Global IFSC Limited, in addition to Fitch, Moody's and Standard & Poor's, for risk-weighting their claims on non-resident corporates originating at the International Financial Services Centre (IFSC), under Paragraph 6 of the Master Circular – Basel III Capital Regulations dated April 01, 2025. The rating-risk weight mapping for the ratings assigned by M/s CareEdge Global IFSC Limited shall be as follows:

Rating Category	AAA	AA	A	BBB	BB & below
Risk weight (%)	20	30	50	100	150

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

### Lending Against Gold and Silver Collateral - Voluntary Pledge of Gold and Silver as Collateral for Agriculture and MSME Loans

The Reserve Bank on July 11, 2025, clarified that loans sanctioned by banks to Agriculture and MSME borrowers against the voluntary pledge of gold and silver as collateral—up to the prescribed collateral-free limit—will not be treated as a violation of the existing guidelines on collateral-free loans, as outlined in the circular dated December 6, 2024 and the Master Direction on Lending to MSME Sector dated July 24, 2017 (updated as on June 11, 2024) and as per the Lending Against Gold and Silver Collateral Directions, 2025 issued on June 6, 2025. To read more, please click [here](#).

### RBI issues draft Master Direction – Digital Banking Channels Authorisation (Directions), 2025

The Reserve Bank on July 21, 2025 released the [draft Master Direction on 'Digital Banking Channels Authorisation'](#). The comments on the draft Directions are invited from public/stakeholders till August 11, 2025. To read more, please click [here](#).

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## Note from the Editor

This edition of the MCIR captures key regulatory and supervisory developments by the Reserve Bank of India. Highlights include the issuance of the RBI (Pre-payment Charges on Loans) Directions, 2025, aimed at enhancing borrower rights through prohibition of pre-payment charges on certain floating rate loans. Important clarifications were made regarding gold- and silver-backed loans to Agriculture and MSME borrowers. Additionally, the FI-Index for March 2025 reflected continued progress in financial inclusion.

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 you're your feedback at [mcir@rbi.org.in](mailto:mcir@rbi.org.in)

Puneet Pancholy  
Editor

### **Ms. Anuradha Thakur, Secretary, Department of Economic Affairs, nominated on RBI Central Board**

The Central Government on July 25, 2025 has nominated Ms. Anuradha Thakur, Secretary, Department of Economic Affairs, Ministry of Finance, Government of India as a Director on the Central Board of Reserve Bank of India vice Shri Ajay Seth. The nomination of Ms. Anuradha Thakur is effective from July 24, 2025 and until further orders.

## **RBI issues draft Master Direction – Business Authorisation for Co-operative Banks (Directions), 2025**

The Reserve Bank on July 28, 2025 released the [draft Master Direction on Business Authorisation for Co-operative Banks](#). The comments on the draft Directions are invited from public/stakeholders till August 25, 2025. To read more, please click [here](#).

## **RBI cancels the licence of The Karwar Urban Co-operative Bank Ltd.**

The Reserve Bank of India, vide order dated July 22, 2025, cancelled the licence of The Karwar Urban Co-operative Bank Ltd., Karwar, with effect from the close of business on July 23, 2025, due to its inadequate capital, poor compliance and inability to protect depositor interests or repay deposits fully. To read more, please click [here](#).

## **Action against NBFCs**

The seven Non-Banking Financial Companies (NBFC) 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 their CoR. To read more, please click [here](#).

The Reserve Bank of India, in exercise of powers conferred on it under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has cancelled the Certificate of Registration of 10 NBFCs. To read more, please click [here](#).

The Reserve Bank on July 21, 2025, restored the Certificate of Registration (CoR) of Jupiter Management Services Private Limited (CoR No.: N-14.03654), a Non-Banking Financial Company (NBFC), following orders from the Appellate Authority/Courts. The NBFC, headquartered at S.C.O No. 20, District Commercial Centre, Sector-56, Gurgaon, Haryana, is directed to comply with the RBI Act, 1934 and all applicable guidelines, including reporting obligations. To read more, please click [here](#).

## **Review of Citizen's Charter of Reserve Bank of India**

The Reserve Bank on July 1, 2025, implemented a revised Citizen's Charter consolidating all services offered to regulated entities and citizens, increasing the total to 204 services by subsuming the earlier 133 regulatory approvals and 58 Citizen's Charter services. As part of a comprehensive review, timelines for 11 services have been reduced to enhance efficiency. Applications and requests can now be made through PRAVAAH (180 services), over-the-counter/offline forms (14 services) and other online platforms like the Auditor Allocation System and e-Kuber (10 services). This revision underscores the

RBI's commitment to improving accessibility, responsiveness and transparency, with ongoing efforts to digitise workflows and service interfaces. User manuals, FAQs and video tutorials are available on PRAVAAH at <https://pravaah.rbi.org.in>.

## **II. Financial Market**

### **RBI releases Draft Reserve Bank of India (Novation of OTC Derivative Contracts) Directions, 2025**

The Reserve Bank on July 9, 2025 placed on its website [Draft Reserve Bank of India \(Novation of OTC Derivative Contracts\) Directions, 2025](#). Comments on the draft Directions are invited from banks, market participants and other interested parties by August 01, 2025. To read more, please click [here](#).

## **III. Foreign Exchange**

### **Directions related to Closure of Shipping Bills in the Export Data Processing and Monitoring System (EDPMS) – Draft for Feedback**

The Reserve Bank on July 11, 2025, released draft Directions aimed at simplifying the reconciliation process in the Export Data Processing and Monitoring System (EDPMS), particularly for small-value export transactions, in view of the growing volume of export data integrated from Customs (via ICEGATE), ECCS and, from January 2025, postal exports. Introduced in 2014 to monitor export realisations, EDPMS now reconciles each shipping bill against received payments. Comments on the draft Directions may be submitted via the 'Connect 2 Regulate' section on the RBI website or emailed by July 31, 2025, with the subject line "Feedback on draft directions on closure of shipping bills in EDPMS." To read more, please click [here](#).

## **IV. Issuer of Currency**

### **Withdrawal of ₹2000 denomination Banknotes**

The Reserve Bank on August 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 ₹6017 crore at the close of business on July 31, 2025. Thus, 98.31 percent of the ₹2000 banknotes in circulation as on May 19, 2023 has since been returned. The ₹2000 banknotes continue to be legal tender.

## Financial Inclusion Index for March 2025

The Reserve Bank on July 22, 2025, released the Financial Inclusion Index (FI-Index) for the year ending March 2025, which stood at 67.0 compared to 64.2 in March 2024, indicating overall improvement across all sub-indices—Access, Usage and Quality. The growth in FY 2025 was primarily driven by enhancements in the Usage and Quality dimensions, reflecting deeper financial inclusion and the impact of sustained financial literacy initiatives.

## V. Supervision

### Monetary Penalty

The Reserve Bank imposed monetary penalty (above ₹1 lakh) during the month of July 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
Shree Chhani Nagarik Sahakari Bank Limited, Vadodara, Gujarat	₹4.00 lakh
District Central Co-operative Bank Ltd., Durg, Chhattisgarh	₹1.00 lakh
Solapur Janata Sahakari Bank Limited	₹15.00 lakh
Dr. Babasaheb Ambedkar Urban Co-operative Bank Limited, Nagpur, Maharashtra	₹1.50 lakh
Shriram Finance Limited	₹2.70 lakh
HDFC Bank Ltd	₹4.88 lakh
Thane District Central Co-operative Bank Ltd., Thane, Maharashtra	₹2.10 lakh
Sarvodaya Nagrik Sahakari Bank Ltd., Himatnagar, Dist. Sabarkantha, Gujarat	₹3.00 lakh
The Mandvi Nagrik Sahakari Bank Limited, Mandvi, Dist. Surat, Gujarat	₹2.00 lakh
The Government Employees Co-operative Bank Limited, Dharwad, Karnataka	₹1.00 lakh
Motiram Agrawal Jalna Merchants Co-operative Bank Limited, Jalna, Maharashtra	₹6.00 lakh
The Shahada Peoples Co-operative Bank Ltd., Shahada, Maharashtra	₹2.00 lakh
The Batlagundu Co-operative Urban Bank Limited, Tamil Nadu	₹1.00 lakh
Smriti Nagrik Sahakari Bank Maryadit, Mandsaur (Madhya Pradesh)	₹2.50 lakh

## VI. Surveys

### Survey on International Trade in Banking Services (ITBS): 2024-25

The Reserve Bank on July 1, 2025 launched the 2024-25 round of its [Survey on International Trade in Banking Services \(ITBS\)](#). The survey, conducted annually since 2006-07, provides information on financial services rendered by branches/subsidiaries/joint ventures of Indian banks operating abroad and branches/subsidiaries of foreign banks operating in India, based on explicit / implicit fees / commission charged to customers. To read more, click [here](#).

### Quarterly Order Books, Inventories and Capacity Utilisation Survey: April - June 2025 (Round 70)

The Reserve Bank on July 7, 2025 launched the [70<sup>th</sup> round](#) of its Order Books, Inventories and Capacity Utilisation Survey (OBICUS). The survey is for the reference period April – June 2025 (Q1:2025-26). The Reserve Bank has been conducting the Order Books, Inventories and Capacity Utilisation Survey (OBICUS) of the manufacturing sector on a quarterly basis since 2008. The information collected in the survey includes quantitative data on new orders received during the reference quarter, backlog of orders at the beginning of the quarter, pending orders at the end of the quarter, total inventories with a breakup between finished goods (FG), work-in-progress (WiP) and raw material (RM) inventories at the end of the quarter, item-wise production in terms of quantity and value during the quarter vis-à-vis the installed capacity from the targeted group and the reasons for changes in production / installed capacity during the quarter. To read more, please click [here](#).

### 46<sup>th</sup> Round of Quarterly Services and Infrastructure Outlook Survey (SIOS) Q2:2025-26

The Reserve Bank on July 15, 2025 launched the [46<sup>th</sup> round](#) of the quarterly Services and Infrastructure Outlook Survey (SIOS) for the reference period July-September 2025. The survey assesses the business situation for the current quarter (Q2:2025-26) from selected companies in the services and infrastructure sectors in India and their expectations for the ensuing quarter (Q3:2025-26) based on qualitative responses on a set of indicators pertaining to demand conditions, financial conditions, employment conditions and the price situation. The outlook on key parameters for the two subsequent quarters (Q4:2025-26 and Q1:2026-27) are also covered.

### 111<sup>th</sup> Round of Quarterly Industrial Outlook Survey (IOS) - Q2:2025-26

The Reserve Bank on July 15, 2025 launched the [111<sup>th</sup> round](#) of the quarterly Industrial Outlook Survey (IOS) of the Indian manufacturing sector for the reference period July-September 2025. The survey assesses business sentiments for the current quarter (Q2:2025-26) and expectations for the ensuing quarter (Q3:2025-26), based on qualitative responses on a set of indicators pertaining to demand conditions, financial conditions, employment conditions and the price situation. The outlook on key parameters for the two subsequent quarters (Q4:2025-26 and Q1:2026-27) are also covered. To read more, please click [here](#).

## Digital Payments Index for March 2025

The Reserve Bank on July 28, 2025, released the Digital Payments Index (RBI-DPI) for March 2025, which stood at 493.22, up from 465.33 in September 2024. The increase reflects significant growth in key parameters, notably Payment Infrastructure – Supply-side factors and Payment Performance, indicating continued expansion and deepening of digital payment adoption across the country. To read more, please click [here](#).

## VII. Debt Manager to Government

### Floating Rate Savings Bond, 2020

The Reserve Bank on July 1, 2025, announced that the interest rate on the Floating Rate Savings Bonds, 2020 (Taxable) [FRSB 2020 (T)] for the period from July 1, 2025, to December 31, 2025, remains unchanged at 8.05%. As per Para 13(ii) of Government of India Notification F.No.4(10)-B(W&M)/2020 dated June 26, 2020, the coupon rate on these bonds is reset half-yearly and is linked to the prevailing National Savings Certificate (NSC) rate with a spread of (+) 35 basis points. Accordingly, with the NSC rate at 7.70%, the applicable rate for this period is 8.05%, payable on January 1, 2026.

## VIII. Publication

### RBI Bulletin

The Reserve Bank on July 23, 2025 released the July 2025 issue of its monthly Bulletin. The Bulletin includes four speeches, four articles and current statistics.

The four articles are:

**I. State of the Economy:** The global macroeconomic environment remained fluid in June and July so far. In the first fortnight of June, concerns about the rapid escalation of geopolitical tensions between Iran and Israel led to a marked uptick in market volatility. The announcement of a ceasefire on June 23, however, restored normalcy in global markets. Progress on several bilateral trade deals provided further impetus to the overall optimism. By early July, however, concerns around fiscal health of the US, tariff policy uncertainties and their implication for growth and inflation weighed on the evolving economic outlook. To read more, please click [here](#).

**II. Revisiting the Oil Price and Inflation Nexus in India:** The oil price-inflation relationship has been a vexing issue for economists and central bankers for more than half a century. Since the twin oil price shocks of the 1970s, economists have endeavoured to delineate the impact of oil price shocks on aggregate economic activity. This is particularly important for oil importers as oil price surges have often been associated with a downturn in economic growth and worsening trade and current account balances. Generally, oil price fluctuations can be highly distortionary as adverse shocks (higher oil prices) can ratchet up inflation and unhinge inflation expectations. Therefore, monetary authorities – more so in inflation targeting (IT) economies – are keen observers of the evolving oil price dynamics. To read more, please click [here](#).

**III. Determinants of Overnight Uncollateralised Money Market Volume- An Empirical Assessment:** The Indian money market is segmented into short-term unsecured

loans (call), collateralised lending and borrowing (including repurchase agreements), commercial papers (CPs), certificates of deposit (CDs) and treasury bills (T-bills). To read more, please click [here](#).

### IV. Household Inflation Expectations in India: Emerging Trends, Determinants and Impact of Monetary Policy:

Inflation expectations significantly influence economic behaviour and macroeconomic outcomes. They shape individual decisions about consumption, saving and investment, directly impacting aggregate demand. Businesses use these expectations to set prices and negotiate wages. Therefore, central banks prioritise managing inflation expectations to maintain price stability, especially in the inflation targeting (IT) framework. To read more, please click [here](#).

Four Speeches are: I. [Catalysing Sustainable & Green Infrastructure Financing for Achieving Net Zero - Inaugural Address delivered by Shri M Rajeshwar Rao, Deputy Governor, Reserve Bank of India - July 03, 2025 - at the Conference on Green Infrastructure Finance at College of Agriculture Banking, RBI, Pune;](#)

II. [Bridging the Credit Gap: The Evolution of India's Credit Reporting Infrastructure - Keynote Address delivered by Shri M Rajeshwar Rao, Deputy Governor, Reserve Bank of India - July 01, 2025 - at TransUnion CIBIL's Credit Conference in Mumbai;](#)

III. [Reflections from a Banker's Journey - Valedictory Speech by Shri Swaminathan J, Deputy Governor, Reserve Bank of India - July 12, 2025 - at the National Institute of Bank Management \(NIBM\), Pune;](#) and

IV. [Working Together, Growing Stronger: Responsible Governance for a Resilient UCB Sector - Valedictory Address by Shri Swaminathan J, Deputy Governor, Reserve Bank of India at the Seminar for Directors of Urban Co-operative Banks held in CAB, Pune on Friday, July 11, 2025.](#) To read more, please click [here](#).

## IX. Data Releases

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

S/N	Title
1	<a href="#">Lending and Deposit Rates of Scheduled Commercial Banks – July 2025</a>
2	<a href="#">Monthly Data on India's International Trade in Services for the Month of June 2025</a>
3	<a href="#">Sectoral Deployment of Bank Credit – June 2025</a>
4	<a href="#">Scheduled Banks' Statement of Position in India as on Friday, July 11, 2025</a>
5	<a href="#">Data on India's Invisibles for Fourth Quarter (January-March) of 2024-25</a>
6	<a href="#">Overseas Direct Investment for June 2025</a>