

MONETARY & CREDIT INFORMATION REVIEW



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I. Monetary Policy

Governor's Monetary Policy Statement on October 1, 2025



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Note from the Editor

The October 2025 edition of the MCIR captures a month of significant policy and institutional developments. Governor Shri Sanjay Malhotra's Monetary Policy Statement on October 1, 2025, set the tone with a balanced approach to sustaining growth amid easing inflation, complemented by a package of twenty-one developmental and regulatory measures. The 619th Meeting of the Central Board of the Reserve Bank was held in Udaipur under the Chairmanship of the Governor, where the Board took the Integrity Pledge and Rashtriya Ekta Diwas Pledge and reviewed global and domestic economic conditions, geopolitical and financial market developments, and the functioning of key departments and various Sub-Committees.

We remain committed to our goal of sharing accurate information and fostering deeper understanding. The 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.

Brij Raj
Editor

Governor Shri Sanjay Malhotra announced the Monetary Policy Statement on October 1, 2025. According to the Statement, since the August policy meeting, significant developments on the domestic front amidst a fast-changing global economic landscape have altered the narrative on growth-inflation dynamics in India. Buoyed by a good monsoon, the Indian economy continues to exhibit strength by registering a higher growth in Q1:2025-26. At the same time, there has been a considerable moderation in headline inflation. The rationalisation of the goods and services tax (GST) rates is likely to have a sobering impact on inflation while stimulating consumption and growth. Tariffs on the other hand will moderate exports.

As for the global economy, it has been more resilient than anticipated, with robust growth in the US and China. The outlook, however, remains clouded amidst elevated policy uncertainty. Inflation has remained above respective targets in some advanced economies, posing fresh challenges for central banks as they navigate the shifting growth-inflation dynamics. Financial markets have been volatile. The US dollar strengthened after the upward revision of US growth numbers for the second quarter, and treasury yields hardened recently as expectations of rate cuts by the Federal Reserve ebbed. Equities have remained buoyant across several advanced and emerging economies.

The Monetary Policy Committee (MPC) met on the 29th, 30th of September and 1st October to deliberate and decide on the policy repo rate. After a detailed assessment of the evolving macroeconomic conditions and the outlook, the MPC voted unanimously to keep the policy repo rate unchanged at 5.50 per cent; consequently, the standing deposit facility (SDF) rate remains at 5.25 per cent while the marginal standing facility (MSF) rate and the Bank Rate remain at 5.75 per cent. The MPC also decided to continue with the neutral stance.

The MPC observed that the overall inflation outlook has turned even more benign in the last few months, due to a sharp decline in food prices and the rationalisation of GST rates. The average headline inflation for 2025-26 has been revised lower from 3.7 per cent projected in June and 3.1 per cent in August, to 2.6 per cent. Headline inflation for Q4:2025-26 and Q1:2026-27 too have been revised downwards and are broadly aligned with the target, despite unfavourable base effects. Core inflation for this year and Q1:2026-27 is also expected to remain contained.

The MPC also noted that growth outlook remains resilient supported by domestic drivers, despite weak external demand. It is likely to get further support from a favourable monsoon, lower inflation, monetary easing and the salubrious impact of recent GST reforms. However, growth continues to be below our aspirations. Even though the growth projection for the current financial year is being revised upwards, the forward-looking projections for Q3 and beyond are expected to be slightly lower than projected earlier, primarily due to trade related headwinds, despite being partially offset by the impetus provided by the rationalisation of GST rates.

Summarising, the MPC concluded that there has been a significant moderation in inflation. Moreover, the prevailing global uncertainties and tariff related developments are likely to decelerate growth in H2:2025-26 and beyond. The current macroeconomic conditions and the outlook has opened up policy space for further supporting growth. However, the MPC noted that the impact of the front-loaded monetary policy actions and the recent fiscal measures is still playing out. The trade related uncertainties are also unfolding. The MPC, therefore, considered it prudent to wait for the impact of policy actions to play out and greater clarity to emerge before charting the next course of action. Accordingly, the MPC unanimously voted to keep the policy repo rate unchanged at 5.5 per cent and decided to retain the stance at neutral. To read more, please click [here](#).

II. 619th Meeting of Central Board of the Reserve Bank of India

The 619th Meeting of the Central Board of Directors of Reserve Bank of India was held in Udaipur on October 31, 2025, under the Chairmanship of Shri Sanjay Malhotra, Governor. The Central Board took the Integrity Pledge in observance of the ongoing Vigilance Awareness Week 2025 and also the Rashtriya Ekta Diwas Pledge in observance of the 150th birth anniversary of Sardar Vallabhbhai Patel.

The Board assessed the emerging global and domestic economic landscape, including the evolving geopolitical and financial market developments and associated challenges. The Board reviewed the functioning of various Sub-Committees of the Central Board and assessed the activities of Deposit Insurance and Credit Guarantee Corporation and select Central Office Departments including the Consumer Education and Protection Department.

Deputy Governors Shri T. Rabi Sankar, Shri Swaminathan J, Dr. Poonam Gupta, Shri Shirish Chandra Murmu and other Directors of the Central Board - Shri Nagaraju Maddirala, Secretary, Department of Financial Services; Ms. Anuradha Thakur, Secretary, Department of Economic Affairs; Shri Satish K. Marathe, Smt. Revathy Iyer, Shri Pankaj Ramanbhai Patel and Dr. Ravindra H. Dholakia - attended the meeting.

The Governor also announced a package of twenty-one [additional measures](#) aimed at strengthening the resilience and competitiveness of the banking sector, improving the flow of credit, promoting ease of doing business, simplifying foreign exchange management, enhancing consumer satisfaction, and internationalisation of Indian Rupee. These comprised various developmental and regulatory policy measures relating to (i) Regulations; (ii) Foreign Exchange Management; (iii) Consumer Protection and (iv) Financial Markets.

Minutes of MPC

The 57th Meeting of the Monetary Policy Committee, constituted under Section 45ZB of the Reserve Bank of India Act, 1934, was held during September 29, 30 and October 1, 2025.

Accordingly, under Section 45ZL of the Reserve Bank of India Act, 1934, the Reserve Bank published the minutes of the proceedings of the meeting on October 15, 2025, i.e., the fourteenth day after meeting of the MPC. The MPC reviewed in detail the staff's macroeconomic projections, and alternative scenarios around various risks to the outlook. The MPC also reviewed the surveys conducted by the Reserve Bank to gauge consumer confidence, households' inflation expectations, corporate sector performance, credit conditions, the outlook for the industrial, services and infrastructure sectors, and the projections of professional forecasters. To read more, please click [here](#).

III. Regulation

Directions to AD Banks - Measures to provide flexibility and ease compliance burden on Exporters, Importers and Merchanting Traders

The Reserve Bank on October 1, 2025, issued A.P. (DIR Series) Circulars No. 11 and 12 introducing measures to enhance operational flexibility and ease compliance burden on exporters, importers and merchanting traders.

As regards Merchanting Trade Transactions (MTT), with a view to facilitate Indian merchants manage their MTT efficiently keeping in view the global trade related uncertainties, Reserve Bank of India has issued [A.P.\(DIR Series\) Circular No.11 dated October 01, 2025](#), wherein it has been decided to increase the time period for the forex outlay from four months to six months, in case of MTT.

As regards simplified process for Closure of Shipping Bills and Bills of Entry to ease compliance burden on Exporters and Importers, RBI has decided to also include small-value import transactions that are reported in the Import Data Processing and Management System (IDPMS) under the simplified process for reconciliation/closure of such transactions. In this regard, Reserve Bank of India has issued [A.P.\(DIR Series\) Circular No.12 dated October 01, 2025](#). To read more, please click [here](#).

Draft Foreign Exchange Management (Establishment in India of a branch or office) Regulations, 2025

The Reserve Bank on October 3, 2025, released draft amendments to the Foreign Exchange Management (Establishment in India of a Branch Office or a Liaison Office or a Project Office or any other place of business) Regulations, 2016. On a review, it has been decided to amend the extant regulations along the following lines:

- The eligibility criteria for establishment of a place of business in India, are proposed to be relaxed.
- The draft proposals offer greater operational freedom by shifting from prescriptive to a principle-based framework, which is expected to result in greater operational freedom.
- The process for closure of non-compliant and inactive branch/office, are proposed to be simplified.

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

Draft External Commercial Borrowing Framework under Foreign Exchange Management (Borrowing and Lending) Regulations, 2018

The Reserve Bank on October 3, 2025, released draft amendments to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, to rationalize the regulations pertaining to External Commercial Borrowings (ECB). The salient features of the proposed regulations are as under:

- The borrowing limits are proposed to be linked to a borrower's financial strength and ECB are proposed to be raised at market determined interest rates.
- The end-use restrictions and Minimum Average Maturity requirements are proposed to be simplified.
- The borrower and lender base eligible for ECB transactions is proposed to be expanded to enhance opportunities of credit flow.

IV. 30th Meeting of the Standing Advisory Committee (SAC) to Review the Flow of Credit to the MSME Sector

The 30th Meeting of the Standing Advisory Committee (SAC) to review the flow of credit to the Micro, Small and Medium Enterprises (MSME) sector was held in Coimbatore on October 27, 2025, under the chairmanship of Shri Swaminathan J, Deputy Governor, Reserve Bank of India. The meeting was attended by the Executive Directors from RBI, Additional Secretary from the Ministry of MSME and Joint Secretary from the Department of Financial Services, Ministry of Finance, Government of India; Chairman, SIDBI; Managing Directors of SBI and Punjab National Bank, senior management of major banks and NABARD; senior executives of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), National Credit Guarantee Trustee Company Limited (NCGTC), Khadi & Village Industries Commission (KVIC), Indian Banks' Association (IBA), Finance Industry Development Council (FIDC), and representatives from MSME associations. The last two meetings of SAC were held in Lucknow and Ahmedabad. The SAC reviewed the flow of credit to MSMEs and deliberated on ways to address the issues related to the credit gap in the sector, cash-flow based lending and digital solutions for improved credit linkage, accelerating adoption of TReDS, enhancing the usage of credit guarantee schemes, and revival and rehabilitation of MSME units, among others.

d. Reporting requirements are being simplified to ease compliance obligations.

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

RBI invites comments on the Draft "Reserve Bank of India (Lending to Related Parties) Directions, 2025"

The Reserve Bank on October 3, 2025, released the draft **"Reserve Bank of India (Lending to Related Parties) Directions, 2025"** for public comments, to provide a harmonised, principle-based framework to be adopted by REs for *inter alia* lending to related parties, suitably rationalising the existing provisions. The key provisions of the proposed framework entail the following:

- a. Introduction of scale-based materiality thresholds beyond which lending to related parties of a RE shall need approval of the Board or its Committee.
- b. Exclusion of Independent Directors of other banks from the scope of 'related persons' of a RE for the purpose of these Directions.
- c. Principle based exemption from Section 20 (1) (b) of the Banking Regulation Act, 1949 for certain types of loans.
- d. Suitable supervisory reporting and disclosure requirements by REs on transactions with related parties.

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

Access to FX-Retail Platform through Bharat Connect

The FX-Retail platform of the Clearcorp Dealing Systems (India) Ltd. (Clearcorp) has been linked with Bharat Bill Payment System (Bharat Connect). The linkage will enable individual customers maintaining bank accounts with participating banks to register and transact on the FX-Retail platform via enabled digital channels of participating banks and through Third Party Application Providers (TPAPs). For existing customers of FX-Retail, the linkage will provide another option to access the platform. A pilot on the linkage was launched at the Global Fintech Fest 2025 by Shri T. Rabi Sankar, Deputy Governor, Reserve Bank of India.

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

V. Consumer Protection

Reserve Bank – Integrated Ombudsman Scheme, 2021 – Inclusion of State Co-operative Banks and Central Co-operative Banks

The Reserve Bank on October 7, 2025, issued a notification under Section 35A of the Banking Regulation Act, 1949, bringing State Co-operative Banks and Central Co-operative Banks under the ambit of the Reserve Bank – Integrated Ombudsman Scheme, 2021, with effect from November 1, 2025. With this enhancement, the Scheme now covers the following regulated entities:

- a. All Commercial Banks, Regional Rural Banks, State Co-operative Banks, Central Co-operative Banks, Scheduled Primary (Urban) Co-operative Banks, and Non-Scheduled Primary (Urban) Co-operative Banks with deposits size of ₹50 crore and above as on the date of the audited balance sheet of the previous financial year.
- b. All Non-Banking Financial Companies (excluding Housing Finance Companies) which (a) are authorised to accept deposits; or (b) have customer interface, with an assets size of ₹100 crore and above as on the date of the audited balance sheet of the previous financial year.
- c. All System Participants as defined under the Scheme.
- d. Credit Information Companies.

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

VI. Publication

RBI Bulletin – October 2025

The Reserve Bank on October 20, 2025 released the October 2025 issue of its monthly Bulletin. The Bulletin includes monetary policy statement, five speeches, five articles and current statistics.

The five speeches are:

1. [Opening Remarks at the High-Level Dialogue on Forging Economic Resilience through Digital Public Platforms - Shri Sanjay Malhotra](#)

- II. [Driving Inclusive and Sustainable Growth Through Digital Public Infrastructure and FinTech - Shri Sanjay Malhotra](#)
- III. [Responsible Artificial Intelligence \(AI\) – Balancing Innovation with Financial Stability - Shri T Rabi Sankar](#)
- IV. [Inclusion is Innovation’s Highest Purpose: Lessons from India - Shri Swaminathan J.](#)
- V. [Transforming Public Sector Banks for a Viksit Bharat - Shri Swaminathan J.](#)

The five articles are:

I. [State of the Economy](#): Global uncertainty has edged up. In the US, both trade and economic policy uncertainty increased in September. Global growth, however, has broadly held up. Investor sentiments dampened in October, on renewed US-China trade tensions and prolonged US government shutdown, after a phase of buoyancy. The Indian economy displayed resilience amidst broader global uncertainty and weak external demand. High-frequency indicators point to a revival in urban demand and robust rural demand. Headline consumer price index (CPI) inflation moderated sharply in September, marking its lowest reading since June 2017.

II. [Resilience and Revival: India’s Private Corporate Sector](#): The study highlights how India’s private corporates navigated the COVID pandemic shock and emerged stronger. Based on financial data of listed non-government non-financial companies, the study underscores the sector’s ability to withstand global shocks with adaptability, profitability and strengthening of balance sheets in the post-pandemic period.

III. [Fundraising by Indian Small and Medium Enterprises through IPO: Recent Trends and Developments](#): Small and Medium Enterprises (SMEs) are vital to India’s economic growth but often face constraints in accessing formal finance. In recent years, dedicated SME exchanges have emerged as an important platform for fundraising through Initial Public Offerings (IPOs). This article examines the performance and trends of SME IPOs in India during FY 2023-24 and FY 2024-25, analysing their evolution, market behaviour and investors’ response.

IV. [Compliance to Confidence: A Data Quality Model for Central Banks](#): The functioning of the central bank involves collection of huge volume of banking and financial sector data from the regulated entities. In the complex data ecosystem, ensuring the quality of data becomes challenging for central banks. As the central bank is entrusted with collection of various type of data - regulatory, supervisory and statistical, this article presents an approach for constructing a data quality index (DQI) to evaluate the quality of data submitted by regulated entities.

V. [Steel Under Siege: Understanding the Impact of Dumping on India](#): India’s steel sector faced significant headwinds due to cheap imports and dumping from major global steel producers during 2023-24 and 2024-25. Against the backdrop, this paper analyses the impact of cheap imports on India’s domestic production and consumption of steel at aggregate level. Further, the

price sensitivity of steel imports is evaluated through average import elasticity across import destinations. To read more, please click [here](#).

Payment Systems Report, June 2025

The Reserve Bank has published the half-yearly [Payment System Report, June 2025](#) on October 23, 2025. This report, in addition to analysing the trends in payment transactions carried out using various payment systems in India during the last six calendar years up to the first half of calendar year 2025, covers important developments in the payment ecosystem and an in-depth analysis of the Real Time Gross Settlement (RTGS) system.

45th Half-Yearly Report on Management of Foreign Exchange Reserves

The Reserve Bank on October 28, 2025 released the [45th Half-Yearly Report on Management of Foreign Exchange Reserves](#) with reference to end-September 2025. During April-September 2025, India’s foreign exchange reserves increased from USD 668.33 billion to USD 700.09 billion. To read more, please click [here](#).

VII. Data Release and Surveys

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

S/N	Title
1	Urban Consumer Confidence Survey
2	Households’ Inflation Expectations Survey
3	Survey of Professional Forecasters on Macroeconomic Indicators – Results of the 96th Round
4	Rural Consumer Confidence Survey
5	Scheduled Banks’ Statement of Position in India as on Friday, October 17, 2025
6	RBI launches the November 2025 round of Urban Consumer Confidence Survey
7	RBI launches the November 2025 round of the Rural Consumer Confidence Survey
8	RBI launches the November 2025 round of the Inflation Expectations Survey of Households
9	47th Round of Quarterly Services and Infrastructure Outlook Survey (SIOS) Q3:2025-26
10	112th Round of Quarterly Industrial Outlook Survey (IOS) – Q3:2025-26