

# MONETARY & CREDIT INFORMATION REVIEW



MCIR



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### Note from the Editor

September 2025 was a significant month for the Reserve Bank, marked by important steps toward strengthening financial stability and regulatory efficiency. The FSDC Sub-Committee meeting reviewed key macro-financial developments and progress on financial inclusion initiatives. The RBI also established the Regulatory Review Cell (RRC) and the Advisory Group on Regulation to channel industry feedback into the periodic review of regulations. The 35<sup>th</sup> Conference of State Finance Secretaries reviewed, inter-alia, issues relating to cash management, market borrowings by the States, and fiscal consolidation. Additionally, the newly constituted Payments Regulatory Board has replaced the Board for Regulation and Supervision of Payment and Settlement Systems.

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Brij Raj  
Editor

## I. Regulation

### 32<sup>nd</sup> Meeting of the FSDC Sub-Committee

The Reserve Bank on September 4, 2025, hosted a meeting of the Sub-Committee of the Financial Stability and Development Council (FSDC-SC) in Mumbai, chaired by RBI Governor Shri Sanjay Malhotra. The Sub-Committee reviewed key global and domestic macroeconomic and financial sector developments with potential implications for financial stability. It also discussed progress on inter-regulatory matters such as simplification of KYC processes, special financial inclusion drives and deliberated on the upcoming National Strategy for Financial Inclusion (NSFI) 2025–30.

The Sub-Committee evaluated the functioning of State-Level Coordination Committees (SLCCs) across States and Union Territories and the activities of various technical groups. It reaffirmed its commitment to strengthening financial sector resilience through continued inter-agency coordination, while closely monitoring risks arising from global trade uncertainties and ongoing geopolitical tensions. The meeting was attended by heads of key financial sector regulators and senior government officials. To read more, please click [here](#).

### Regulatory Review Mechanism

The Reserve Bank on September 17, 2025, announced the establishment of a Regulatory Review Cell (RRC) in the Department of Regulation, effective October 1, 2025, to institutionalize a systematic internal review of all regulations every 5 to 7 years. To enhance stakeholder engagement and incorporate industry expertise, an Advisory Group on Regulation (AGR) comprising external experts has also been formed to support the RRC. The AGR, chaired by Shri Rana Ashutosh Kumar Singh (Managing Director, State Bank of India), includes members from banking and financial sectors and has a three-year tenure, extendable by two years. The group may also co-opt additional experts as needed to strengthen the review process. To read more, please click [here](#).

### Reserve Bank holds 35<sup>th</sup> Conference of State Finance Secretaries

The Reserve Bank on September 18, 2025, hosted the 35<sup>th</sup> Conference of the State Finance Secretaries in Mumbai, themed 'Journey towards Economic Prosperity through the Path of Fiscal Consolidation'. The Conference was inaugurated by the Governor, Reserve Bank of India and was attended by the Secretary, Department of Expenditure, Finance Secretaries of 28 States and two Union Territories and senior officials from the Government of India. The Governor highlighted the importance of fiscal discipline, improved quality of expenditure and prudent off-budget borrowings, while also emphasizing the need for active coordination between States and the Reserve Bank in areas like currency management, financial inclusion and the Unified Lending Interface. The Conference reviewed, inter-alia, issues relating to cash management, market borrowings by the States and fiscal consolidation. To read more, please click [here](#).

### Revised Liquidity Management Framework

The Reserve Bank on September 30, 2025, announced the finalisation of the revised Liquidity Management Framework, based on the recommendations of the Internal Working Group (IWG) and stakeholder feedback. The overnight weighted average call rate (WACR) will continue to be the operating target of monetary policy. The existing symmetric corridor system is retained, with policy repo rate at middle of the corridor and SDF and MSF acting as floor and ceiling of the corridor. The Reserve Bank aims to align WACR with the repo rate through optimal system liquidity management. The 14-day variable rate repo / reverse repo operations will no longer be the main liquidity tools and will be replaced by 7-day and other short tenor VRR / VRRR operations.

## Shri Shirish Chandra Murmu appointed as Deputy Governor, Reserve Bank of India

The Government of India on September 30, 2025, vide its notification and in exercise of the powers conferred by clause (a) of sub-section (1) of Section 8 of the Reserve Bank of India Act, 1934, read with sub-section (4) of the said section, appointed Shri Shirish Chandra Murmu, Executive Director, as Deputy Governor of the Reserve Bank of India for a period of three years from the date of his joining the post on or after October 09, 2025, or until further orders, whichever is earlier.

Advance notice will be provided for liquidity operations, except in urgent situations. Existing instruments like OMOs, long-term VRR/VRRR and forex swaps will continue, while the 90% daily CRR maintenance requirement remains unchanged. Standalone Primary Dealers will retain access to all liquidity facilities. To read more, please click [here](#).

## Reserve Bank launches 'Scheme for Facilitating Accelerated Payout – Inoperative Accounts and Unclaimed Deposits'

The Reserve Bank on September 30, 2025, announced a 'Scheme for Facilitating Accelerated Payout – Inoperative Accounts and Unclaimed Deposits' as part of its ongoing public awareness efforts to encourage customers to activate their inoperative accounts and claim their unclaimed deposits from the banks. Aimed at reducing the existing stock of unclaimed deposits and curbing fresh additions to the Depositor Education and Awareness (DEA) Fund, the Scheme incentivizes banks to proactively engage with customers and depositors. To read more, please click [here](#).

## II. Financial Market

### RBI issues Reserve Bank of India (Investments in Non-SLR instruments by State / Central Co-operative Banks) Directions, 2025

The Reserve Bank on September 26, 2025, issued the Reserve Bank of India (Investments in Non-SLR Instruments by State / Central Co-operative Banks) Directions, 2025, amending existing guidelines to facilitate investments by StCBs and CCBs in the capital of the Shared Service Entity (SSE) proposed by NABARD. Following regulatory approval granted in April 2025, the directions now classify SSE capital as a permissible non-SLR instrument, exempt such investments from prudential limits and specify an overall exposure cap. To read more, please click [here](#).

### Issuance Calendar for Marketable Dated Securities for October 2025 – March 2026

The Reserve Bank on September 26, 2025, in consultation with the Government of India, released the indicative calendar for issuance of Government dated securities, including Sovereign Green Bonds (SGrBs), for the second half of the fiscal year 2025-26 (October 1, 2025 to March 31, 2026). The move aims to enhance transparency, provide stability to the Government Securities Market and help institutional and retail investors plan their investments more efficiently. To read more, please click [here](#).

## III. Foreign Exchange

### Reserve Bank renews its Statement of Commitment to the FX Global Code

The Reserve Bank on September 24, 2025, signed its renewed Statement of Commitment to the FX Global Code, reaffirming its adherence to the global principles of good practice in the foreign exchange market. The Code, developed collaboratively by central banks and market participants and first published in 2017, aims to promote integrity and effective functioning of the wholesale FX market. It is maintained and updated by the Global Foreign Exchange Committee (GFXC), which last revised the Code in December 2024. The Reserve Bank remains committed to supporting the Code's principles. To read more, please click [here](#).

## IV. Issuer of Currency

### Launch of Microsite for Banknotes

The Reserve Bank on September 10, 2025, launched a new microsite — <https://indiancurrency.rbi.org.in> — to provide the public with comprehensive information on Indian banknotes. Replacing the earlier site *Paisabolthai*, the new platform offers an interactive and user-friendly experience with 360-degree views of banknotes, details on design and security features, multimedia content including videos and animations and engaging games. It also includes a dedicated section on the exchange of banknotes, aimed at enhancing public awareness and accessibility. To read more, please click [here](#).

### Withdrawal of ₹2000 denomination Banknotes

The Reserve Bank on October 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 ₹5,884 crore at the close of business on September 30, 2025. Thus, 98.35 percent of the ₹2000 banknotes in circulation as on May 19, 2023 has since been returned. The ₹2000 banknotes continue to be legal tender.

## V. Debt Manager to Government

### Floating Rate Savings Bond, 2033

The Reserve Bank on September 19, 2025, announced that the interest rate on the Government of India Floating Rate Bond 2033 (GOI FRB 2033) for the half-year period from September 22, 2025, to March 21, 2026 will be 6.82% per annum. This rate is based on the

## Constitution of the Payments Regulatory Board

The Reserve Bank, on September 30, 2025, announced the constitution of the Payments Regulatory Board, following the implementation of amendments to Section 3 of the Payment and Settlement Systems Act, 2007, introduced through the Finance Act, 2017. These provisions came into effect on May 9, 2025, as per the Gazette Notification issued by the Department of Financial Services on May 6, 2025. Replacing the erstwhile BPSS, the Board is constituted under Section 3(2) of the Act and is chaired by the Governor, Reserve Bank of India. Other members include the Deputy Governor and Executive Director In-charge of Payment and Settlement Systems, Secretary, Department of Financial Services, Secretary, Ministry of Electronics and Information Technology and Smt. Aruna Sundararajan, IAS (Retd.). The Principal Legal Adviser of RBI is a permanent invitee to the meetings of the Board. To read more, please click [here](#).

average of the Weighted Average Yield (WAY) of the last three auctions of 182-Day Treasury Bills preceding the reset date, plus a fixed spread of 1.22%. To read more, please click [here](#).

## VI. Supervision

### Supervisory Data Quality Index for Scheduled Commercial Banks

The Reserve Bank on September 24, 2025 released [Supervisory Data Quality Index \(sDQI\) for SCBs for June 2025](#). It measures data quality in terms of the Accuracy, Timeliness, Completeness and Consistency in the submission of returns. The objective of sDQI is to assess the adherence to the principles enunciated in the Master Direction on Filing of Supervisory Returns 2024.

## VII. Payment and Settlement Systems

### Submission in CIMS

The Reserve Bank, on September 5, 2025, announced the commencement of reporting for the Internet Banking Return (R065) and Mobile Banking Return (R102) through the Centralised Information Management System (CIMS), its next-generation data warehouse. Reporting entities are required to submit these returns on a monthly basis via the CIMS portal (<https://cims.rbi.org.in/#/login>) starting from the reporting period of August 2025. Admin Users have already been created in the system and they are responsible for generating login credentials for the designated return submitters. As per existing norms, the returns must be submitted by the 7th of the following month (e.g., by September 7, 2025, for August data). This directive is issued under Section 12 read with Section 19 of the Payment and Settlement Systems Act, 2007 and non-compliance may attract penal action. To read more, please click [here](#).

### Master Direction on Regulation of Payment Aggregator (PA)

The Reserve Bank, on September 15, 2025, issued a comprehensive Master Direction for the regulation of various categories of Payment Aggregators (PAs), consolidating and rationalising the earlier guidelines issued through circulars dated March 17, 2020, March 31, 2021 and October 31, 2023, which covered online and cross-border PA activities. Draft directions on calendar for issuance of Treasury Bills for the quarter regulation of PAs at physical points of sale and proposed ending December 2025. The Reserve Bank retains the

amendments to existing PA guidelines were released for public comments on April 16, 2024. Based on the feedback received and in line with its objective to streamline the regulatory framework, the Reserve Bank has issued this Master Direction under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007 and Sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999. To read more, please click [here](#).

### RBI issues Directions on Framework on Authentication Mechanisms for Digital Payment Transactions

The Reserve Bank on September 25, 2025, issued the Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025, aimed at strengthening digital payment security. Incorporating public feedback on draft guidelines released earlier, the directions encourage adoption of new authentication factors using advanced technologies without discontinuing SMS-based OTPs, allow issuers to implement additional risk-based checks, promote interoperability and open access to technology and clearly define issuer responsibilities. They also mandate card issuers to validate Additional Factor of Authentication (AFA) in non-recurring cross-border Card Not Present (CNP) transactions when requested by overseas merchants or acquirers. The directions are to be implemented by April 1, 2026, unless stated otherwise. To read more, please click [here](#).

## VIII. Banker to Government

### WMA Limit for Government of India for October 2025 – March 2026

The Reserve Bank on September 26, 2025, in consultation with the Government of India, announced that the Ways and Means Advances (WMA) limit for the second half of the financial year 2025–26 (October 2025 to March 2026) will be ₹50,000 crore. The Reserve Bank may initiate fresh market borrowings once 75% of the WMA limit is utilised. It also retains the flexibility to revise the WMA limit at any time, depending on prevailing conditions. The interest rate applicable will be the Repo Rate for WMA and two percent above the Repo Rate for overdrafts.

### Calendar for Auction of Government of India Treasury Bills

The Reserve Bank, on September 26, 2025, in consultation with the Government of India, released the calendar for issuance of Treasury Bills for the quarter ending December 2025. The Reserve Bank retains the

flexibility to revise the notified amount and timing of the industrial and retail sectors, NBFCs have seen a rise in auctions based on the Government's requirements, their credit-to-GDP ratio. As of end-December 2024, the evolving market conditions and other relevant factors, with sector's financial health remained robust, evidenced by due notice to the market. The calendar is subject to strong return on assets, capital adequacy and asset change, including due to intervening holidays and any quality indicators. Empirical analysis indicates that while such revisions will be communicated through press releases. To read more, please click [here](#).

## IX. Publication

### RBI Bulletin

The Reserve Bank on September 24, 2025 released the September 2025 issue of its monthly Bulletin. The Bulletin includes one speech, seven articles and current statistics.

The seven articles are:

**I. State of the Economy:** Global uncertainty remained elevated in the wake of imposition of US trade tariffs on major trading partners and renewed concerns over fiscal health of advanced economies. The Indian economy exhibited marked resilience as evident from the five-quarter high growth during Q1:2025-26, propelled by domestic drivers. The landmark GST reforms should progressively result in a sustained positive impact through significant gains in ease of doing business, lower retail prices and strengthening of consumption growth drivers. CPI headline inflation edged up but remained well below the target rate for the seventh consecutive month. System liquidity remained in surplus facilitating the pass through of policy rate cuts. Indian equity markets witnessed bidirectional movements during August-September. India's current account deficit moderated in Q1 over last year, supported by robust services exports and strong remittances receipts.

**II. Flow of Financial Resources to Commercial Sector in India during 2024-25:** The article analyses the total flow of financial resources to the commercial sector in India during 2024-25 compared to 2023-24, highlighting that while non-food bank credit moderated—primarily due to a slowdown in segments affected by the Reserve Bank's enhanced risk weights on unsecured lending—this was more than offset by increased funding from non-bank sources such as equity issuances, NBFC credit and short-term external credit. The rise in equity funding was supported by a buoyant domestic secondary market and the growth in short-term external credit reflected a recovery in merchandise imports. As a result, the overall outstanding credit from both bank and non-bank sources as a percentage of GDP increased by end-March 2025.

**III. The Untold Story of FinTech Customers' Experience:** Based on an analysis of around 5.69 million FinTech app reviews, the study finds that user experience in India's FinTech ecosystem is largely positive, with sentiments of trust and joy prevailing across segments. However, key customer concerns include issues with customer support and service, app functionality and technical glitches and loan-related matters such as application processes, credit limits and credit scores. Positive user experience is significantly influenced by factors like market share, major app updates and data privacy policies.

**IV. Review of Performance of the NBFC Sector:** This article places India's non-banking financial sector in a global context and assesses the performance of NBFCs up to Q3 of 2024-25 using supervisory data. Reflecting their growing role in credit intermediation, particularly to the

## V. Impact of UPI on Cash Demand – Evidence from National and Subnational Levels:

This article analyses the impact of UPI adoption on cash demand across India, revealing that while UPI expansion and moderating currency growth signal a structural shift in payments, regional preferences for cash versus UPI vary. Empirical findings show that higher UPI usage correlates with lower cash demand nationally and sub-nationally, though state-level trends suggest non-linear relationships. Additionally, factors like higher income and ATM density are linked to greater cash use, whereas greater workforce formalisation and education reduce cash reliance.

## VI. Is Consumption Inequality Declining? – What the 2022-23 NSSO Survey Tells Us:

Based on the Household Consumption Expenditure Survey (HCES) 2022-23 and its comparison with 2011-12, the article finds a decline in household consumption inequality across expenditure classes and rural-urban areas. It also shows strong convergence in real per capita consumption, with poorer states experiencing faster growth than richer ones. Using an updated Rangarajan poverty line at 2022-23 prices, the analysis indicates a significant decline in poverty incidence across states.

## VII. Infrastructure - An Engine of India's Growth Express:

This study examines the positive and significant impact of infrastructure on India's GDP growth, highlighting the country's integrated and inclusive focus on physical, social and digital infrastructure development over the past decade. Using various infrastructure indices, it underscores the need for broad-based expansion guided by macroeconomic assessments of infrastructure gaps and the development of appropriate financing strategies to sustain future growth. To read more, please click [here](#).

## X. Data Releases

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

S/N	Title
1	<a href="#">Lending and Deposit Rates of Scheduled Commercial Banks – September 2025</a>
2	<a href="#">Monthly Data on India's International Trade in Services for the Month of August 2025</a>
3	<a href="#">Sectoral Deployment of Bank Credit – August 2025</a>
4	<a href="#">Scheduled Banks' Statement of Position in India as on Friday, September 19, 2025</a>
5	<a href="#">Data on India's Invisibles for First Quarter (April-June) of 2025-26</a>
6	<a href="#">Overseas Direct Investment for August 2025</a>
7	<a href="#">India's International Investment Position (IIP), June 2025</a>