

# MONETARY & CREDIT INFORMATION REVIEW



Volume XXI    Issue 1    April 2025



## I. Monetary Policy

### Governor's Monetary Policy Statement on April 9, 2025

Shri Sanjay Malhotra, Governor on April 9, 2025 delivered the Monetary Policy Statement. In his opening remarks, Governor highlighted the volatile global environment marked by rising trade tensions, a weakening US dollar, falling crude prices and diverging monetary policies across economies. While remaining vigilant to these developments, the Reserve Bank of India (RBI) began the year celebrating its 90<sup>th</sup> anniversary, reflecting on its evolving role in India's economic journey. Domestically, India has made progress towards price stability and growth, with a notable decline in food inflation providing some relief. However, the RBI remains cautious due to global uncertainties and potential weather-related risks, even as growth shows signs of recovery from the previous year's slowdown.

#### Decisions and Deliberations of the Monetary Policy Committee (MPC)

The MPC decided to reduce the policy repo rate by 25 bps from 6.25 per cent to 6.00 per cent, changing its stance to 'accommodative' to align inflation with the target while supporting growth. Consequently, the standing deposit facility (SDF) rate remains at 5.75 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 6.25 per cent.

Commenting on the Assessment of Growth and Inflation, Governor mentioned that India's real GDP is estimated to grow at 6.5 per cent in 2024-25 on top of a 9.2 per cent growth rate observed in the previous year. In 2025-26, prospects of agriculture sector remain bright on the back of healthy reservoir levels and robust crop production. Manufacturing activity is showing signs of revival with business expectations remaining robust, while services sector activity continues to be resilient. Headline inflation moderated during January-February 2025 following a sharp correction in food inflation. The outlook for food inflation has turned decisively positive. The uncertainties regarding rabi crops have abated considerably and the second advance estimates point to a record wheat production and higher production of key pulses over that last year.

#### Liquidity and Financial Market Conditions

Speaking about the condition of liquidity and financial market, Governor mentioned that system liquidity was in deficit in January 2025 with net injection under the liquidity adjustment facility (LAF) scaling a peak of ₹3.1 lakh crore on 23<sup>rd</sup> January 2025. However, as a result of a slew of measures injecting liquidity of about 6.9 lakh crore rupees, the system liquidity deficit tapered during February-March 2025 and further turned into surplus on 29<sup>th</sup> March 2025. Coupled with government spending picking up pace during the latter half of March, system liquidity further improved and it stood at a surplus of ₹1.5 lakh crore as on 7<sup>th</sup> April, 2025.

#### Financial Stability

Governor stated that financial soundness parameters of the banking sector continue to be robust. The liquidity buffer in the banking system is well above the regulatory threshold. Profitability indicators are also healthy reflecting robust operational efficiency of the system. Similarly, the system-level parameters of NBFCs too are sound.

#### External Sector

Governor mentioned India's services exports remained resilient in January-February 2025, driven by software, business and transportation services. Going forward, net services and remittance receipts are expected to remain in large surplus, partly offsetting the trade deficit. The CAD for 2024-25 and 2025-26 are expected to remain well within the sustainable level. On the financing side, gross foreign direct investment (FDI) remained strong during the period of April 24 to January 25 in 2024-25 reflecting India's strong macroeconomic fundamentals. Net FDI however moderated sharply during this period due to higher repatriations and outward FDI. Net FPI inflows to India stood at 1.7 billion US dollars during 2024-25, supported by debt inflows as the equity segment recorded net outflows. External commercial borrowings and non-resident deposits, on the other hand, witnessed higher net inflows compared to that last year. To read the full statement, please click [here](#).

### Contents

| Sections                                      | Page |
|-----------------------------------------------|------|
| I. Monetary Policy                            | 1-2  |
| II. <a href="#">Regulation</a>                | 3    |
| III. <a href="#">Foreign Exchange</a>         | 3    |
| IV. <a href="#">Public Awareness</a>          | 3    |
| V. <a href="#">Issuer of Currency</a>         | 4    |
| VI. <a href="#">Publication</a>               | 4    |
| VII. <a href="#">Data Release and Surveys</a> | 4    |

### Note from the Editor

In this issued, we bring you the highlights of the MPC meeting. Governor emphasised global economic uncertainties and India's steady progress in stabilising inflation and reviving growth. The Monetary Policy Committee adopted an accommodative stance to support the recovery. Liquidity conditions have improved and the financial system has remained strong and resilient. Services exports and remittances continued to support India's external sector amid global challenges.

We remain committed to our goal of sharing accurate information, fostering deeper understanding and to stay in touch. 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

## Resolution of MPC

On the basis of an assessment of the current and evolving macroeconomic situation, the MPC at its meeting on April 9, 2025 reduced the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 6.00 per cent with immediate effect; consequently, the standing deposit facility (SDF) rate shall stand adjusted to 5.75 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 6.25 per cent;

The MPC also decided to change the stance from neutral to accommodative. However, it noted that the rapidly evolving situation requires continuous monitoring and assessment of the economic outlook. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth. To read more, please click [here](#).

## Developmental and Regulatory Policies

This Statement sets out various developmental and regulatory policy measures relating to (i) Regulations; (ii) Payment Systems; and (iii) Fintech.

### i) Regulations

#### 1. Securitisation of Stressed Assets Framework

A prudentially structured securitisation transaction can be an enabler for resolution of stressed assets as it is expected to improve risk distribution and provide an exit route from such exposures for lenders. With this objective, RBI had released a discussion paper on Securitisation of Stressed Assets Framework in January 2023, to seek comments from market participants on various aspects of the framework. After factoring in the suggestions received from the stakeholders on the discussion paper, the draft framework for securitisation of stressed assets is being issued for public comments. The framework intends to enable securitisation of stressed assets through a market-based mechanism, in addition to the existing ARC route under SARFAESI Act, 2002.

#### 2. Framework on Co-lending arrangements (CLA)

The extant guidelines on co-lending are applicable only to arrangements between banks and NBFCs for priority sector loans. In light of the evolution of such lending practices and the potential of such lending arrangements in catering to the credit needs of a wider segment in a sustainable manner, it has been decided to expand the scope for co-lending and issue a generic regulatory framework for all forms of co-lending arrangements among REs. The draft guidelines are being issued for public comments.

#### 3. Review of Guidelines for Lending against Gold Jewellery

Loans against the collateral of gold jewellery and ornaments are extended by regulated entities (REs) for both consumption and income-generation purposes. Prudential and conduct related regulations for such loans have been issued from time to time and they vary for different categories of REs. With a view to harmonising such regulations across REs while keeping in view their risk-taking capabilities and also to address a few concerns that have been observed, it has been decided to issue comprehensive regulations, on prudential norms and conduct related aspects, for such loans. The draft guidelines in this regard are being issued for public comments.

## 4. Review of Non-Fund Based Facilities

Non-fund based (NFB) facilities like Guarantees, Letters of Credit, Co-Acceptances etc. play a significant role in facilitating effective credit intermediation, besides enabling seamless business transactions, including trade transactions. It has now been decided to harmonise and consolidate guidelines covering these facilities across all REs. The revised guidelines include a review of instructions on issuance of partial credit enhancement by REs, with a view to, inter alia, broadening funding sources for infrastructure financing. Draft guidelines in this regard are being issued for public comments.

### ii) Payment Systems

#### 5. Enhancing transaction limits in UPI

At present, the transaction amount for UPI, covering both Person to Person (P2P) and Person to Merchant payments (P2M), is capped at ₹1 lakh except for specific use cases of P2M payments which have higher limits, some at ₹2 lakh and others at ₹5 lakh. To enable the ecosystem to respond efficiently to new use cases, it is proposed that NPCI, in consultation with banks and other stakeholders of the UPI ecosystem, may announce and revise such limits based on evolving user needs. Appropriate safeguards will be put in place to mitigate risks associated with higher limits. Banks shall continue to have the discretion to decide their own internal limits within the limits announced by NPCI. P2P transactions on UPI shall continue to be capped at ₹1 lakh, as hitherto. NPCI will be advised accordingly.

### iii) Fintech

#### 6. 'On Tap' application facility under theme neutral Regulatory Sandbox

The Reserve Bank has been operating the Regulatory Sandbox (RS) framework since 2019 and four specific thematic cohorts have been announced and completed till date. An 'On Tap' application facility for themes of closed cohorts was announced in October 2021. A fifth 'Theme Neutral' cohort with a specified time window for receiving applications was also announced in October 2023, which will close in May 2025. Under this cohort, any innovative product or solution within the regulatory ambit of RBI could be tested if found eligible. Based on the experience gained and feedback received from stakeholders, it is now proposed to make the Regulatory Sandbox 'Theme Neutral' and 'On Tap'. This initiative is expected to foster continuous innovation and keep pace with the rapidly evolving FinTech / regulatory landscape. Additional details in this regard will be communicated separately.

## Minutes of MPC

The 54<sup>th</sup> meeting of the Monetary Policy Committee constituted under section 45ZB of the Reserve Bank of India Act, 1934, was held during April 7 to 9, 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 April 23, 2025, i.e., the 14<sup>th</sup> day after meeting of the MPC.

The MPC 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](#).

## Appointment of Deputy Governor

Government of India in exercise of the powers conferred by clause (a) of sub-section (1) read with sub-section (4) of section 8 of The Reserve Bank of India Act, 1934, has appointed Dr. Poonam Gupta, Director General, National Council of Applied Economic Research, New Delhi as Deputy Governor of Reserve Bank of India for a period of three years from the date of joining the post or until further orders, whichever is earlier.

## II. Regulation

### Draft Directions on the regulatory measures announced in SDRP

The Reserve Bank on April 9, 2025 released the draft Directions on the following subjects: i) [Reserve Bank of India \(Securitisation of Stressed Assets\) Directions, 2025](#); ii) [Reserve Bank of India \(Co-Lending Arrangements\) Directions, 2025](#); iii) [Reserve Bank of India \(Lending Against Gold Collateral\) Directions, 2025](#) and iv) [Reserve Bank of India \(Non-Fund Based Credit Facilities\) Directions, 2025](#). The comments on the draft Directions are invited from public/stakeholders till May 12, 2025. To read more, please click [here](#).

### Connect 2 Regulate

The Reserve Bank on April 9, 2025 launched the initiative 'Connect 2 Regulate' which aims to broaden the involvement of members of the public and other stakeholders in policy formulation and to take another proactive step in the direction of making regulatory environment more consultative. It provides an opportunity to members of the public, the academia and other stakeholders to share their ideas, inputs, feedback, or suggestions, in any form, including case studies, concept notes, etc. To read more, please click [here](#).

### PRAVAAH

The Reserve Bank on April 11, 2025 advised all applicants, including Regulated Entities (REs) with effect from May 1, 2025 to use PRAVAAH for submitting applications for regulatory authorisations, licenses and approvals to the Reserve Bank using the application forms already available in the portal. Applications for which a specific form is not available can be submitted using the general-purpose form. For convenience of users, a user manual, FAQ and videos are available on the portal itself. PRAVAAH portal can be accessed at [PRAVAAH](#). To read more, please click [here](#).

### Requirement of Counter-Cyclical Capital Buffer

The RBI on April 15, 2025 decided against activating the countercyclical capital buffer (CCyB) at this time, following a review and empirical analysis of CCyB indicators. The framework, established on February 5, 2015, advises activating CCyB when warranted, with the credit-to-GDP gap as the primary indicator, possibly supplemented by others. To read more, please click [here](#).

### Opening of and operation in deposit accounts of minors

The Reserve Bank on April 21, 2025 reviewed the guidelines on opening of and operations in the deposit accounts of minors. A review of the existing guidelines has been made with a view to rationalise and harmonise the extant guidelines. To read more, please click [here](#).

## Amendments to Liquidity Coverage Ratio (LCR) Framework

The Reserve Bank on April 21, 2025 issued the revised guidelines of the Liquidity Coverage Ratio (LCR) framework, effective from April 1, 2026, following feedback on its draft circular dated July 25, 2024. Key changes include a 2.5% additional run-off rate for internet and mobile banking-enabled retail and small business deposits, alignment of haircuts on Government Securities (Level 1 HQLA) with LAF and MSF margin requirements and a reduced 40% run-off rate for wholesale funding from non-financial entities like trusts, partnerships and LLPs (down from 100%). To read more, please click [here](#).

### Migration to '.bank.in' domain

The Reserve Bank on April 22, 2025 announced the operationalisation of the '.bank.in' internet domain for banks, as part of its efforts to enhance cybersecurity and public confidence in digital banking, as stated in the Developmental and Regulatory Policies dated February 7, 2025. The Institute for Development and Research in Banking Technology (IDRBT), authorised by the National Internet Exchange of India (NIXI) under MeitY, will serve as the sole registrar for this domain. Banks are advised to contact IDRBT at [sahyog@idrbt.ac.in](mailto:sahyog@idrbt.ac.in) to initiate registration and complete the migration to the '.bank.in' domain by October 31, 2025. To read more, please click [here](#).

## III. Foreign Exchange

### Exports through warehouses in 'Bharat Mart' in UAE

The Reserve Bank on April 23, 2025 permitted Authorised Dealer Category-I banks to facilitate exports through 'Bharat Mart' - a logistics-based marketplace in the UAE - by allowing exporters to realise and repatriate export proceeds within nine months from the date of sale from the warehouse. AD banks may also permit Indian exporters with valid Importer Exporter Codes to open/hire warehouses and remit funds for initial and ongoing business operations in Bharat Mart, without prior conditions, subject to verification of reasonableness. To read more, please click [here](#).

## IV. Public Awareness

### RBI launches WhatsApp Channel

The Reserve Bank on April 4, 2025 launched the WhatsApp channel as an additional means to deliver public awareness messages. Through the verified 'Reserve Bank of India' account on WhatsApp, RBI aims to make important financial information more accessible to everyone, regardless of their geographical location. To read more, please click [here](#).

## Re-appointment of Deputy Governor

The Central Government has re-appointed Shri T. Rabi Sankar as Deputy Governor, Reserve Bank of India for a period of one year with effect from May 03, 2025, or until further orders, whichever is earlier.

## V. Issuer of Currency

### Issue of ₹10 and ₹500 Denomination Banknotes

The Reserve Bank on April 4, 2025 announced the issuance of ₹10 and ₹500 denomination Banknotes in Mahatma Gandhi (New) Series bearing the signature of Shri Sanjay Malhotra, Governor. The design of these notes is similar in all respects to ₹10 and ₹500 banknotes in Mahatma Gandhi (New) Series. To read more, please click [here](#).

### Note Sorting Machines: Standards issued by the BIS

The Reserve Bank on April 24, 2025, extended the timeline for implementation of the instructions outlined in circular regarding "Note Sorting Machines – Standards issued by the Bureau of Indian Standards," by six months, i.e., up to November 1, 2025. This decision was taken in response to representations from various banks highlighting implementation challenges. To read more, please click [here](#).

### Framework of incentives for Currency Distribution & Exchange Scheme

The Reserve Bank on April 24, 2025 under the authority of the RBI Act, 1934 and the Banking Regulation Act, 1949, issued guidelines to promote the objectives of the Clean Note Policy aimed at improving currency management and public service. To support this, the RBI has introduced the Currency Distribution and Exchange Scheme (CDES), an incentive-based framework designed to encourage bank branches to enhance customer services related to currency distribution and exchange. To read more, please click [here](#).

### ₹100 and ₹200 denomination banknotes through ATMs

The Reserve Bank on April 28 2025 instructed all banks and White Label ATM Operators (WLAOs) to ensure that their ATMs dispense ₹100 and ₹200 denomination banknotes on a regular basis as per following milestones: i) By September 30, 2025: 75% of all ATMs shall dispense either ₹100 or ₹200 denomination banknotes from at least one cassette. ii) By March 31, 2026: 90% of all ATMs shall dispense either ₹100 or ₹200 denomination banknotes from at least one cassette. To read more, please click [here](#).

## VI. Publication

### Monetary Policy Report

The Reserve Bank on April 9, 2025 released the Monetary Policy Report 2025. The report provided an overview of the Reserve Bank of India's (RBI) economic outlook and policy stance amid a challenging global and domestic environment. While facing external risks like geopolitical tensions and shifting global economic policies, the report emphasizes a balanced strategy of maintaining inflation within target levels while supporting

recovery in domestic demand, investment and consumption. To read more, please click [here](#).

### RBI Bulletin

The Reserve Bank on April 22, 2025 released the April 2025 issue of its monthly Bulletin. The Bulletin includes bi-monthly monetary policy statement (April 09, 2025), four speeches, four articles and current statistics. The four articles are: I. [State of the Economy](#); II. [Three Years of the Standing Deposit Facility: Some Insights](#); III. [Changing Dynamics of Climate Policy Uncertainty and Energy Commodity Prices](#); and IV. [Rural Consumer Confidence in India: Bridging the Gap](#). To read more, please click [here](#).

### Primary (Urban) Co-operative Banks' Outlook 2023-24

The Reserve Bank on April 23, 2025 released the 11<sup>th</sup> volume of the annual publication titled 'Primary (Urban) Co-operative Banks' Outlook 2023-24'. The publication covers the financial accounts of Scheduled and Non-Scheduled Primary (Urban) Co-operative Banks for the financial year 2023-24. To read more, please click [here](#).

## VII. Data Release and Surveys

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

| S/N | Title                                                                                                      |
|-----|------------------------------------------------------------------------------------------------------------|
| 1   | <a href="#">Scheduled Banks' Statement of Position in India as on Friday, April 04, 2025</a>               |
| 2   | <a href="#">Overseas Direct Investment for March 2025</a>                                                  |
| 3   | <a href="#">Consumer Confidence Survey (CCS) - March 2025</a>                                              |
| 4   | <a href="#">Inflation Expectations Survey of Households (IESH) – March 2025</a>                            |
| 5   | <a href="#">Survey of Professional Forecasters on Macroeconomic Indicators – Results of the 93rd Round</a> |
| 6   | <a href="#">Rural Consumer Confidence Survey</a>                                                           |
| 7   | <a href="#">Services and Infrastructure Outlook Survey</a>                                                 |
| 8   | <a href="#">Industrial Outlook Survey</a>                                                                  |
| 9   | <a href="#">OBICUS Survey</a>                                                                              |