

### Categorization (Major Headings)

1. Monetary Policy, Rates, and Macroeconomic Management
2. Regulatory & Governance Frameworks (General Banking & NBFCs)
3. Foreign Exchange, Capital Markets, and External Sector Management
4. Digital Payments, Financial Inclusion, and Consumer Protection
5. Currency Management, Banknotes, and Appointments

## 1. Monetary Policy, Rates, and Macroeconomic Management

### 1.1. Outcomes and Projections of the 57th Monetary Policy Committee Meeting (October 2025)

- The **Reserve Bank of India (RBI)** announced its Monetary Policy on **1 October 2025**, after the **57th meeting** of the **Monetary Policy Committee (MPC)**, chaired by **Reserve Bank of India (RBI) Governor Sanjay Malhotra**, held from **29 September to 1 October 2025**.
- This was the **fourth bi-monthly policy** of **Financial Year 2025-26 (FY 2025-26)**.
- The meeting was attended by **Dr. Nagesh Kumar, Shri Saugata Bhattacharya, Prof. Ram Singh, Dr. Poonam Gupta (Deputy Governor in charge of monetary policy), and Shri Indranil Bhattacharyya (Executive Director nominated by the Central Board)**.
- The global economy remained **resilient** in **2025**, led by strong growth in the **US and China**, but faced external risks like **US tariff shocks, trade uncertainty, and financial market volatility**.
- **Headline Consumer Price Index (CPI) inflation** fell to **1.6% (July 2025)**—an **eight-year low**—rising slightly to **2.1% (August 2025)**.
- The decision marked the **second consecutive pause** in the **repo rate**, after a cumulative **100 basis point (bps)** reduction earlier in **2025**.
- The **Monetary Policy Committee (MPC)** unanimously decided to keep the policy **repo rate unchanged at 5.50 per cent** under the **Liquidity Adjustment Facility (LAF)**.
- The **Monetary policy stance** was maintained as **Neutral**.
- Consequent policy rates are: **Standing Deposit Facility (SDF): 5.25%; Marginal Standing Facility (MSF): 5.75%; and Bank Rate: 5.75%**.
- The **Cash Reserve Ratio (CRR)** was retained at **3%**.
- All **Monetary Policy Committee (MPC)** members voted **unanimously** for status quo on the **repo rate**. **Two members (Dr. Nagesh Kumar and Prof. Ram Singh)** suggested changing the stance to **accommodative**, while **four members** voted to retain **neutrality**.
- The **Reserve Bank of India (RBI)** revised the **Gross Domestic Product (GDP) growth forecast** for **Financial Year 2025-26 (FY26)** to **6.8%**, up from **6.5%** earlier.
- The **Consumer Price Index (CPI) Inflation Projection** for **FY2025-26** was revised further downward to **2.6%** (from **3.1%** in August and **3.7%** in June).
- **Quarterly Inflation Projections (FY26): Q2: 1.8%; Q3: 1.8%; Q4: 4.0%. Q1 FY2026-27 Projection: 4.5%**.
- **Core inflation** was stable at **4.2%**, excluding precious metals at **3.0%**.
- **Current Account Deficit (CAD)** for **Q1 FY26** was estimated at **0.2% of GDP**.
- **Remittances** for **Q1 FY26** stood at **US\$ 35.3 billion**.
- **Foreign Direct Investment (FDI) (Apr–Jul 2025): US\$ 37.7 billion (gross) | US\$ 10.8 billion (net)**.
- The **Monetary Policy Committee (MPC)** Minutes are scheduled to be published on **15 October 2025**.
- The **Next Monetary Policy Committee (MPC) Meeting** is scheduled for **3–5 December 2025**.
- The pause allowed the **Monetary Policy Committee (MPC)** to monitor the impact of **previous 100 basis points (bps) repo rate cuts** and fiscal measures before taking further action.

## RBI In news (as on 15 Nov 2025)

- The downward revision of the inflation forecast signaled that **headline inflation** is expected to remain **below target** through most of **FY26**.
- The revised **GDP growth forecast of 6.8%** reflects resilient domestic demand, higher investment, strong consumption, government spending, and **Goods and Services Tax (GST) 2.0** reforms.
- Governor **Sanjay Malhotra** preferred the **neutral stance** to retain agility amid global uncertainty.

### 1.2. Lending and Deposit Rates of Scheduled Commercial Banks

- **August 2025 Data (Reference July 2025):**
  - **Weighted Average Lending Rate (WALR)** on fresh rupee loans **increased** to **8.78%** (July 2025) from **8.62%** (June 2025).
  - **Weighted Average Domestic Term Deposit Rate (WADTDR)** on outstanding deposits declined to **6.92%** (July 2025) vs **7.00%** (June 2025).

### 1.3. Review of the Monetary Policy Framework (Discussion Paper)

- The **Reserve Bank of India (RBI)** released a **Discussion Paper** on the **Review of the Monetary Policy Framework (MPF)** ahead of the next scheduled review in **March 2026**.
- The foundation of this framework lies in the amendment to the **Reserve Bank of India (RBI) Act, 1934** in **May 2016**, which provided statutory backing to the adoption of the **Flexible Inflation Targeting (FIT)** regime in India.
- **Section 452A** mandates inflation target notification by the **Central Govt.** in consultation with **Reserve Bank of India (RBI)**, once every **5 years**.
- The **First Notification** was on **August 5, 2016**, setting the inflation target at **4% Consumer Price Index (CPI)** with **±2% tolerance band**, valid for **2016–2021**.
- The **First Review** was conducted in **March 2021**, which retained the same target for **2021–2026**.
- The **second review** of India's inflation target is now due, with the current period set to expire in **March 2026**.
- The **Discussion Paper** evaluates the performance of the **Flexible Inflation Targeting (FIT)** framework, its challenges, and possible refinements for the future.

### 1.3. Finalized Revised Liquidity Management Framework

- The **Reserve Bank of India (RBI)** released the report of the **Internal Working Group (IWG)** to review the **Liquidity Management Framework** on **August 6, 2025**, and sought comments from stakeholders by **August 29, 2025**.
- The **Reserve Bank of India (RBI)** finalized the revised framework after reviewing feedback.
- The **Overnight Weighted Average Call Rate (WACR)** remains the **operating target** of monetary policy.
- The **symmetric corridor system** is retained, with the **Policy repo rate** as the middle of the corridor.
- **Standing Deposit Facility (SDF)** is defined as **25 basis points below repo (floor)**.
- **Marginal Standing Facility (MSF)** is defined as **25 basis points above repo (ceiling)**.
- The **14-day Variable Rate Repo (VRR)/Variable Rate Reverse Repo (VRRR)** is **discontinued** as the main short-term liquidity tool.
- Liquidity will now be managed primarily through **7-day Variable Rate Repo (VRR)/Variable Rate Reverse Repo (VRRR)** and other operations from overnight up to **14 days**.
- Banks must continue to maintain a minimum of **90%** of prescribed **Cash Reserve Ratio (CRR)** on a daily basis.
- **Standalone Primary Dealers (SPDs)** will have access to **Standing Deposit Facility (SDF)**, **overnight reverse repo**, and all **repo operations** regardless of tenor.

## 2. Regulatory & Governance Frameworks (General Banking & NBFCs)

### 2.1. Expected Credit Loss (ECL) Framework Mandated for Banks and Financial Institutions from April 2027

- The **Expected Credit Loss (ECL) framework** will be applicable to all financial institutions from **April 1, 2027**.
- The framework applies to all **Scheduled Commercial Banks (SCBs)** and **All India Financial Institutions (AIFIs)**, excluding **Small Finance Banks (SFBs)**, **Payments Banks (PBs)**, and **Regional Rural Banks (RRBs)**.
- Under the **Expected Credit Loss (ECL)** model, banks must estimate potential credit losses in advance based on historical data, borrower credit risk, and macroeconomic factors.
- The **Reserve Bank of India (RBI)** provided a **glide path** till **March 31, 2031**, allowing banks and financial institutions to smoothen the one-time impact of higher provisioning on their existing loan books.
- The move aims at aligning India's banking system with **global accounting standards (IFRS 9)** and improving financial stability, transparency, and risk management practices across the sector.

### 2.2. Risk-Based Premium Model for Deposit Insurance by Deposit Insurance and Credit Guarantee Corporation (DICGC)

- The **Reserve Bank of India (RBI)** introduced a **risk-based model** for **deposit insurance premiums**.
- This model replaces the current **flat-rate system** where all banks paid a uniform premium of **12 paise per ₹100** of deposits, irrespective of their risk level.
- The **Deposit Insurance and Credit Guarantee Corporation (DICGC)** is a wholly owned **Reserve Bank of India (RBI)** subsidiary, operating under the **Deposit Insurance and Credit Guarantee Corporation (DICGC) Act, 1961**.
- The **risk-based deposit insurance premium model** is to be implemented from **Financial Year 2027 (FY27)** (April 2026 onwards).
- Under the new framework, **financially stable banks** with robust risk management, governance, capital adequacy, and asset quality will pay **lower premiums**.
- **Cooperative** and **weaker banks** will continue paying at or below the **12 paise** rate.
- The **Reserve Bank of India (RBI)** noted that the current limit of **12 paise per ₹100** will be retained under the new risk-based premium model.

### 2.3. Revision of Gold and Silver Collateral Lending Norms (Effective October 1, 2025)

- The **Reserve Bank of India (RBI)** issued the **"Reserve Bank of India (Lending Against Gold and Silver Collateral) (1st Amendment) Directions, 2025,"** effective from **October 1, 2025**.
- Previously, the facility to take working capital loans against gold/silver as raw material was available only to **jewellers**.
- The carve-out is **extended** to allow **working capital loans** for **any borrower** using **gold or silver** as **raw material or input** in their industrial or manufacturing processes.
- **Scheduled Commercial Banks (SCBs)** and **Tier 3 and Tier 4 Urban Co-operative Banks (UCBs)** are permitted to extend such loans.
- The **Reserve Bank of India (RBI)** strictly reiterated that banks cannot lend for the purchase of **gold or silver**, or against **primary gold/silver holdings**, and must ensure that borrowers do not acquire or hold bullion for investment or speculative purposes.

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- The **Reserve Bank of India (RBI)** also plans to extend the tenor of **Gold Metal Loans (GML)** from **180 days to 270 days**.
- This policy expansion supports a wider range of **manufacturers** and enhances financial inclusion by including **Tier 3 and Tier 4 Urban Co-operative Banks (UCBs)**.

### 2.4. Permanent Regulatory Review Mechanism and Regulatory Review Cell (RRC)

#### 2. Detailed Notes: (i) Background / Introduction

- The **Reserve Bank of India (RBI)** announced the creation of a **Regulatory Review Cell (RRC)** as a **permanent institutional mechanism**.
- The aim is to systematically review **Reserve Bank of India (RBI)** regulations every **5–7 years**.
- The establishment follows the **Reserve Bank of India (RBI)**'s **May 2025 Framework for Formulation of Regulations**.
- The **Reserve Bank of India (RBI)** previously formed a **30-member Regulatory Review Cell (RRC)** in **August 2025** to identify and remove obsolete, redundant, and irrelevant financial regulations.
- The **Regulatory Review Cell (RRC)** will function within the **Department of Regulation** effective from **October 1, 2025**.
- The objective of the earlier **Regulatory Review Cell (RRC)** set up in **August 2025** was to reduce the total regulations from **8,000 to 3,000**.
- An **Advisory Group on Regulation (AGR)**, comprising **six industry experts**, was also formed to channel stakeholder feedback.
- The **Advisory Group on Regulation (AGR)** is chaired by **Rana Ashutosh Kumar Singh, Managing Director of State Bank of India (SBI)**.
- The **Advisory Group on Regulation (AGR)**'s initial tenure is **3 years**, extendable by **2 years** after review.

### 2.5. Withdrawal of Lending Restriction on Large Corporate Borrowers

- The **Reserve Bank of India (RBI)** had a **2016 circular** that restricted banks' exposure to **large corporate borrowers** (above **₹10,000 crore**).
- Indian banks were earlier not allowed to fund corporate acquisitions directly.
- The **Reserve Bank of India (RBI)** withdrew its **2016 circular** that restricted banks' exposure to **large corporate borrowers**, effective from **April 1, 2026**.
- The ceiling of **₹10,000 crore** on bank loans to a single corporate entity has been **removed entirely**.
- The **Reserve Bank of India (RBI)** also announced that **Indian banks can now finance mergers and acquisitions (M&A)**.
- Credit concentration risk will now be managed under the **Large Exposure Framework (LEF)** and macroprudential tools.
- The **Large Exposure Framework (LEF)** regulates exposure limits at the individual bank level, capping exposure to a **single borrower** at **20%** and to a **group of connected borrowers** at **25%** of a bank's **Tier 1 capital**.

### 2.6. Revised Guidelines for Alternative Investment Funds (AIFs) and Investment Exemptions

#### 2. Detailed Notes: (i) Background / Introduction

- The **Reserve Bank of India (RBI)** released revised investment guidelines for **Regulated Entities (REs)** in **Alternative Investment Funds (AIFs)**.

## RBI In news (as on 15 Nov 2025)

- The goal of the rules is to curb misuse of the **Alternative Investment Fund (AIF)** route, especially for evergreening loans and funding stressed assets indirectly.
- The revised investment guidelines for **Regulated Entities (REs)** in **Alternative Investment Funds (AIFs)** are effective from **January 1, 2026**.
- **Collective Investment Limit:** Collectively, all **Regulated Entities (REs)** cannot contribute more than **20%** to a single **Alternative Investment Fund (AIF)** scheme.
- **Single Entity Limit:** No single regulated entity is allowed to invest more than **10%** of the total corpus of an **Alternative Investment Fund (AIF)** scheme.
- **Provisioning Mandate:** If a regulated entity holds more than **5%** in an **Alternative Investment Fund (AIF)** that invests in its debtor companies (except equity), it must provision **100%** of such indirect exposure.
- The guidelines apply to **Commercial Banks** (including **Small Finance Banks (SFBs)**, **Local Area Banks (LABs)**, and **Regional Rural Banks (RRBs)**), **Co-operative Banks**, **All India Financial Institutions (AIFIs)**, and **Non-Banking Financial Companies (NBFCs)** (including **Housing Finance Companies (HFCs)**).
- **Exemption:** The **Reserve Bank of India (RBI)** exempted the **SWAMIH (Special Window for Affordable and Mid-Income Housing) Investment Fund-I** from these **Alternative Investment Fund (AIF)** investment limits and provisioning norms.

### 2.7. Enhanced Prudential Norms for Urban and State Cooperative Banks

#### 2. Detailed Notes: (i) Background / Introduction

- The **Reserve Bank of India (RBI)** has sought to modernize and harmonize the regulatory framework for **Urban Co-operative Banks (UCBs)**.
- Licensing for new **Urban Co-operative Banks (UCBs)** has been paused since **2004** due to supervisory and governance concerns.
- The **Reserve Bank of India (RBI)** issued the **Draft Master Direction – Business Authorization for Co-operative Banks (Directions), 2025** in **July 2025**.
- The **Reserve Bank of India (RBI)** introduced a **Four-Tier Categorisation of Urban Co-operative Banks (UCBs)** based on deposits: **Tier 1** (deposits  $\leq$  ₹100 crore), **Tier 2** (deposits between ₹100 crore – ₹1,000 crore), **Tier 3** (deposits between ₹1,000 crore – ₹10,000 crore), and **Tier 4** (deposits above ₹10,000 crore).
- The earlier **Financially Sound and Well Managed (FSWM)** norms are replaced by **Eligibility Criteria for Business Authorization (ECBA)**.
- The **Reserve Bank of India (RBI)** announced it will reexamine the **licensing framework** for **Urban Co-operative Banks (UCBs)**.
- **Inclusion in Second Schedule (RBI Act, 1934):** **Urban Co-operative Banks (UCBs)** and **State Co-operative Banks (StCBs)** may apply if they maintain **Tier 3 deposit level** for **2 consecutive years** and have **Capital to Risk-Weighted Assets Ratio (CRAR)  $\geq$  3%** above minimum required.
- **Reporting:** All co-operative banks must report branch/office details within **7 days** on the **Centralised Information System for Banking Infrastructure (CISBI) Portal**. Applications must be submitted via **Platform for Regulatory Application, Validation and Authorisation Hosting (PRAVAAH) Portal**.
- **Investment in Shared Service Entity:** The **Reserve Bank of India (RBI)** issued **Directions, 2025**, allowing **State Co-operative Banks (StCBs)** and **Central Co-operative Banks (CCBs)** to invest in the **Shared Service Entity (SSE)** established by **National Bank for Agriculture and Rural Development (NABARD)**, effective **September 30, 2025**.
- The investment limit in the **Shared Service Entity (SSE)** share capital is restricted to **5%** of their **owned funds**.



### **2.8. Draft Guidelines on Capital Market Exposure and Acquisition Finance**

- The **Reserve Bank of India (RBI)** released draft guidelines titled “**Draft Reserve Bank of India (Capital Market Exposure) Directions, 2025**”.
- The move aims to consolidate and modernize existing regulations by covering both direct and indirect exposures such as loans against shares and acquisition financing.
- The draft norms were open for public comments until **November 21, 2025**.
- The **aggregate capital market exposure** of a bank should not exceed **40%** of its **Tier 1 capital**.
- The proposed norms on **capital market exposure** are set to be implemented from **April 1, 2026**.
- **Initial Public Offering (IPO) Financing Limit:** Loans for subscribing to shares under **Initial Public Offerings (IPOs)**, **Follow-on Public Offerings (FPOs)**, or **Employee Stock Option Plans (ESOPs)** are limited to **₹25 lakh per individual**. The loan amount must not exceed **75%** of the subscription value.
- **Loans Against Shares (LAS) Limit:** The limit will increase sharply from **₹20 lakh to ₹1 crore**.
- **Acquisition Finance:** Banks can finance up to **70%** of the acquisition value for corporate takeovers, provided the acquiring company funds at least **30%**.
- **Acquisition Finance Exposure Limit:** A bank's total exposure towards acquisition finance must not exceed **10%** of its **Tier 1 capital**.
- The draft guidelines apply to **commercial banks**, excluding **small finance, regional rural, local area, and payment banks**.

### **2.9. Reserve Bank of India (RBI) Approves/Denies Universal Bank Conversion**

- The **Reserve Bank of India (RBI)** introduced the ‘**On Tap**’ licensing framework for universal banks in the private sector in **August 2016**.
- Eligibility criteria for **Small Finance Banks (SFBs)** wishing to convert were detailed in a circular dated **April 26, 2024**, titled “**Voluntary Transition of Small Finance Banks (SFBs) to Universal Banks**”.
- The **Reserve Bank of India (RBI)** granted ‘**in-principle**’ approval to **AU Small Finance Bank Limited** for **Universal Bank Transition**.
- The **Reserve Bank of India (RBI)** returned the application of **Jana Small Finance Bank** for conversion into a **Universal Bank**, citing **non-fulfilment of eligibility criteria** under **Reserve Bank of India (RBI) guidelines**.
- **Eligibility Criteria for Small Finance Banks (SFBs)** include minimum **5 years of operations**, listing on a recognised stock exchange, **net worth of at least ₹1,000 crore**, **net profit in the last 2 financial years**, and **Gross Non-Performing Asset (GNPA) ≤3% & Net Non-Performing Asset (NNPA) ≤1%**.
- The **Reserve Bank of India (RBI)** stated that eligible **Small Finance Banks (SFBs)** with diversified loan portfolios will be preferred for **Universal Bank licensing**.

### **2.10. Consolidation of Regulatory Circulars into Master Directions**

- The **Reserve Bank of India (RBI)** is undertaking a regulatory rationalization agenda aimed at simplifying frameworks.
- The **Reserve Bank of India (RBI)** set a goal to reduce total regulations from **8,000 to 3,000** via the **Regulatory Review Cell (RRC)**.

#### **(ii) Key Developments / Announcements / Decisions**

- The **Reserve Bank of India (RBI)** will consolidate around **9,000 regulatory circulars** issued by the **Department of Regulation** into **238 Master Directions**.
- These **Master Directions** will cover **11 types of regulated entities** and **30 functional areas**.
- This initiative aims to be completed by **October 2025**.

### **2.11. Changes to Interest Rate on Advances and Floating Rate Loan Repayments (Effective October 1, 2025)**

- The **Reserve Bank of India (RBI)** issued the “**Reserve Bank of India (Interest Rate on Advances) (Amendment Directions), 2025,**” effective **October 1, 2025**.
- Existing norms required banks to benchmark floating-rate loans to an **external benchmark rate**.
- **Spread Adjustment:** Banks may reduce spread components (other than credit risk premium) earlier than **3 years** to benefit borrowers.
- **Switching Option:** The option for borrowers to switch from **floating to fixed rates** at the time of interest rate reset is now left to the **discretion of banks**. However, for **equated monthly instalment (EMI)-based personal loans**, this option will be **mandatory at each reset**.
- **Penal Interest:** Banks can no longer charge **penalty interest** for missed **Equated Monthly Instalments (EMIs)**; only a **fixed late payment fee** can be applied.
- **Restructuring:** Banks are required to support borrowers facing financial hardships (like job loss, business failure, or medical emergencies) through restructuring or temporary payment relief, including **Restructuring of Loan Tenure, Equated Monthly Instalment (EMI) Moratorium, or One-Time Settlement (OTS)**.

### **2.12. Supervisory Data Quality Index (sDQI) for Scheduled Commercial Banks (SCBs)**

- The **Reserve Bank of India (RBI)** introduced the **Supervisory Data Quality Index (sDQI)** to measure the quality of supervisory data submitted by **Scheduled Commercial Banks (SCBs)**.
- The goal is to ensure that banks provide reliable, complete, and timely data for effective supervision.
- The **Supervisory Data Quality Index (sDQI)** evaluates **four key dimensions: Accuracy, Completeness, Timeliness, and Consistency**.
- The composite **Supervisory Data Quality Index (sDQI)** score for **Scheduled Commercial Banks (SCBs)** improved to **89.9** in **June 2025**, compared to **89.3** in **March 2025**.
- **Small Finance Banks (SFBs)** achieved the **highest scores** among bank groups, improving slightly from **90.6** to **90.7**.

### **2.13. Reserve Bank of India (RBI) Penalties Imposed on Regulated Entities**

- **ICICI Bank Limited:** Penalty of **₹75 lakh** imposed on **August 07, 2025**, for violations related to ‘**Valuation of Properties – Empanelment of Valuers**’ and ‘**Opening of Current Accounts by Banks – Need for Discipline**’. Legal Basis: **Section 47A(1)(c)** read with **Section 46(4)(i)** of the **Banking Regulation Act, 1949**.
- **HDFC Bank Ltd.:** Penalty of **₹4.88 lakh** levied under **Section 11(3)** of the **Foreign Exchange Management Act (FEMA), 1999**, for violating **Paragraph 9.3.6** of the **Master Direction – Foreign Investment in India (January 04, 2018)** while granting a **term loan**.
- **Indian Overseas Bank (IOB):** Penalty of **₹31.8 lakh** imposed in **October 2025** and by order dated **29th September 2025**, for non-compliance with ‘**Priority Sector Lending (PSL) – Targets and Classification**’. The violation pertained to collecting **loan-related charges** in certain **Priority Sector Lending (PSL) accounts**, each with a sanctioned loan amount up to **₹25,000**.
- **Muthoot FinCorp Limited:** Monetary penalty of **₹2.70 lakh** imposed on **September 24, 2025**, for non-compliance with directions on the appointment and functioning of an **Internal Ombudsman (IO)**.
- **American Express Banking Corp.:** Monetary penalty of **₹31.80 lakh** imposed for non-compliance with the **Credit Card and Debit Card - Issuance and Conduct Directions, 2022**. Lapses included failure to reverse credit balances for certain cardholders arising from refunds, failed, or reversed transactions.

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- **HDB Financial Services Ltd:** Monetary penalty of ₹4.20 lakh imposed for non-compliance with certain provisions of the **Know Your Customer (KYC) Directions, 2016**, specifically deficiencies in obtaining **Permanent Account Number (PAN)/Form 60** in certain loan accounts for **Financial Year 2023–24**.

### 2.14. Supervision and Cancellation of Cooperative Banks

- The **Reserve Bank of India (RBI)** exercises powers under the **Banking Regulation Act, 1949**, to maintain financial stability and protect depositors' interests.
- **Irinjalakuda Town Cooperative Bank:** The **Reserve Bank of India (RBI)** superseded its **Board of Directors** for **12 months** due to poor financial condition and governance issues, under **Section 36AAA** read with **Section 56 of the Banking Regulation Act, 1949**. **Raju S. Nair**, former **Vice President of Federal Bank**, was appointed as **Administrator**.
- **Jijamata Sahakari Bank, Satara:** The **Reserve Bank of India (RBI)** cancelled the banking licence of this **Urban Cooperative Bank (UCB)** based in **Satara, Maharashtra**, effective from the close of business on **October 7, 2025**, due to poor financial condition and failure to comply with regulatory norms.
- **The Baghat Urban Co-operative Bank Ltd., Solan:** The **Reserve Bank of India (RBI)** imposed restrictions under **Section 35A** read with **Section 56 of the Banking Regulation Act, 1949**, effective from **October 8, 2025**, due to poor liquidity. Depositors were allowed to withdraw up to **₹10,000** from the total balance held in all their accounts.

### 2.15. Grant of Self-Regulatory Organisation (SRO) Status

- The **Reserve Bank of India (RBI)** adopted an **Omnibus Framework for Self-Regulatory Organisations (SROs)** to promote better governance and transparency.
- The **minimum net worth requirement for an Self-Regulatory Organisation – Fintech (SRO-FT)** is **₹2 crore**.
- **Non-Banking Financial Companies (NBFCs):** The **Reserve Bank of India (RBI)** granted **Self-Regulatory Organisation (SRO)** status to the **Finance Industry Development Council (FIDC)** to oversee **Non-Banking Financial Companies (NBFCs)**.
- **Fintech Sector:** The **Reserve Bank of India (RBI)** officially recognised the **Fintech Association for Consumer Empowerment (FACE)** as the **First Self-Regulatory Organisation (SRO)** for the **Fintech Sector** on **August 28, 2024**.
- **Fintech Association for Consumer Empowerment (FACE)** must maintain a minimum net worth of **₹2 crore**.

## 3. Foreign Exchange, Capital Markets, and External Sector Management

### 3.1. Foreign Liabilities and Assets (FLA) Census 2024–25 Results

- The **Reserve Bank of India (RBI)** released the **provisional results** of the **2024–25 census** on **Foreign Liabilities and Assets (FLA)**.
- The census captures the cross-border liabilities and assets of **Indian companies**.
- The total **Foreign Direct Investment (FDI)** in India in **2023–24** was **₹61,88,243 crore**.
- Total **Foreign Direct Investment (FDI)** in India during **2024–25** stood at **₹68,75,931 crore**, an increase of **11.1%**.
- **41,517 entities** reported **Foreign Direct Investment (FDI)** and/or **Overseas Direct Investment (ODI)** as of **March 2025**, including **7,880 new respondents**.



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- **Source Countries:** The **United States (US) (20%)** and **Singapore (14.3%)** together accounted for over **one-third** of India's total **Foreign Direct Investment (FDI)**. They were followed by **Mauritius (13.3%)**, **UK (11.2%)**, and **Netherlands (9%)**.
- **Sectoral Share:** The **manufacturing sector** held the **highest share of Foreign Direct Investment (FDI) equity (48.4%)** at market value, while the **services sector** ranked second.

### 3.2. Liberalization and Simplification of Special Rupee Vostro Accounts (SRVAs)

- A **Special Rupee Vostro Account (SRVA)** is an account held by a foreign bank with an Indian bank in **Indian Rupees (INR)** for cross-border trade settlement.
- The framework was introduced via **A.P. (DIR Series) Circular No. 10 dated July 11, 2022**.
- Earlier, **Authorised Dealer (AD)** banks had to obtain **Reserve Bank of India's (RBI's)** prior approval before opening **Special Rupee Vostro Accounts (SRVAs)**.
- The **Reserve Bank of India (RBI)** allowed **Authorised Dealer (AD) Category-I** banks to open **Special Rupee Vostro Accounts (SRVAs)** of overseas correspondent banks **without seeking prior approval** from **Reserve Bank of India (RBI)**.
- **Legal Basis:** Issued under **Sections 10(4)&11(1)** of the **Foreign Exchange Management Act (FEMA), 1999**.
- **Investment Use:** Surplus **Special Rupee Vostro Account (SRVA)** balances are now eligible for investment in **corporate bonds** and **commercial papers (CPs)**, in addition to **government securities**.

### 3.3. New Directions for Trade Relief Measures and Foreign Currency Accounts

- **Export Proceeds Repatriation:** As per the **Reserve Bank of India (Trade Relief Measures) Directions, 2025**, the maximum period allowed for realisation and repatriation of export proceeds is extended to **15 months** from the date of export, up from **nine months**.
- **Export Credit Period:** The maximum credit period for pre-shipment and post-shipment export credit has been extended from **270 days to 450 days** for eligible export credit up to **31 March 2026**.
- **Export Proceeds in IFSC:** The **Reserve Bank of India (RBI)** allowed exporters to retain their **foreign exchange proceeds** in a **Foreign Currency Account (FCA)** at an **International Financial Services Centre (IFSC)** for up to **3 months**, compared to the one-month limit in any other jurisdiction.
- **Merchanting Trade:** The time period for forex outlay for **Merchanting Trade Transactions (MTT)** was extended from **4 months to 6 months**.
- **Compliance Ease:** The **Reserve Bank of India (RBI)** introduced a simplified closure process for **Shipping Bills & Bills of Entry** for small-value export and import transactions.

### 3.4. Rupee Lending to Neighboring Countries and Gold Reserves Management

- **Rupee Lending:** **Authorised Dealer (AD)** banks and their overseas branches may now lend in **Indian Rupees (INR)** to residents of **Bhutan, Nepal, and Sri Lanka** for trade transactions. This was achieved by amending the **Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2025**.
- **NRI Debt Investment:** The **Reserve Bank of India (RBI)** amended the **Foreign Exchange Management (Deposit) Regulations, 2016**, to allow **Non-Resident Indians (NRIs)** to invest in the **Indian debt market** (**non-convertible debentures (NCDs)**, **bonds**, and **commercial papers**) through their **rupee accounts**.
- **Gold Holdings:** **Reserve Bank of India (RBI)**'s gold reserves crossed the **\$100 billion** mark for the **first time**. As of **September 2025**, **Reserve Bank of India (RBI)**'s gold reserves expanded to over **880.18 metric tonnes (MT)**. The value was approximately **\$95 billion** as of **September 26, 2025**.
- **Gold Repatriation:** The **Reserve Bank of India (RBI)** repatriated nearly **64 tonnes of gold** in the half-year to **September 2025**. **575.8 tonnes** were held in India as of **September-end 2025**.

## RBI In news (as on 15 Nov 2025)

- The Rupee lending initiative strengthens regional economic cooperation and enhances the use of the **Indian Rupee (INR)** in international trade.
- The rise in **gold holdings** signals a broader diversification away from dollar assets and reinforces India's long-term strategy for financial stability and resilience against global market shocks.
- The **gold reserves** constitute **13.6%** of India's total **foreign exchange reserves**.

### 3.5. Mandatory Unique Transaction Identifier (UTI) for OTC Derivative Transactions

- The **Reserve Bank of India (RBI)** released a draft framework to align India's derivatives reporting framework with global regulatory standards set by the **Committee on Payments and Market Infrastructures–International Organization of Securities Commissions (CPMI-IOSCO)**.
- The **Reserve Bank of India (RBI)** proposed the mandatory use of a **Unique Transaction Identifier (UTI)** for all **Over-the-Counter (OTC) derivative transactions**.
- The new instructions will come into effect from **April 1, 2026**.
- The **Unique Transaction Identifier (UTI)** is a globally recognizable, alphanumeric code of up to **52 characters**.
- It covers transactions in **Rupee Interest Rate Derivatives, Forward Contracts in Government Securities, Foreign Currency Derivatives, Foreign Currency Interest Rate Derivatives, and Credit Derivatives**.

## 4. Digital Payments, Financial Inclusion, and Consumer Protection

### 4.1. New Digital Payment Initiatives Launched at Global Fintech Fest 2025

- The **Reserve Bank of India (RBI)** unveiled **four cutting-edge digital payment initiatives** at the **Global Fintech Festival 2025**.
- The **four initiatives** launched were:
  1. **IoT-based Unified Payments Interface (UPI) Payments** (enables **UPI** transactions through connected smart devices like smart cars, TVs, or wearables).
  2. An interoperable net banking solution (**Banking Connect**).
  3. **Unified Payments Interface (UPI) Reserve Pay** (allows users to reserve part of credit card or pre-approved credit line for **UPI** payments).
  4. **Artificial Intelligence (AI)-based Unified Payments Interface (UPI) Help** powered by **National Payments Corporation of India (NPCI)'s Small Language Model (SLM)**.
- The **Reserve Bank of India (RBI)** Deputy Governor Shri T. Rabi Sankar launched a pilot linking the **FX-Retail platform** of **Clearcorp Dealing Systems (India) Ltd.** with the **Bharat Bill Payment System (Bharat Connect)**.
- The **Reserve Bank of India (RBI)** launched a **retail sandbox** for its **Central Bank Digital Currency (CBDC) (e-Rupee pilot)** to allow fintech companies to develop and test use cases.

### 4.2. Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI)

- The **Reserve Bank of India (RBI)** set up a committee under **Pushpak Bhattacharya** to prepare a framework for **Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI)**.
- The framework was released at a time when **Artificial Intelligence (AI)** is shifting from experimentation to mainstream adoption in the financial sector.

## RBI In news (as on 15 Nov 2025)

- The **Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI)** is designed to help banks, **Non-Banking Financial Companies (NBFCs)**, insurers, and other **regulated entities** harness the benefits of **Artificial Intelligence (AI)** responsibly.
- The committee formulated **7 Sutras: Trust is the Foundation; People First; Innovation over Restraint; Fairness and Equity; Accountability; Understandable by Design; and Safety, Resilience and Sustainability.**
- The framework sets out **6 Strategic Pillars: Infrastructure, Policy, and Capacity** (for innovation enablement); and **Governance, Protection, and Assurance** (for risk mitigation).
- The Committee issued **26 detailed recommendations.**
- The **Reserve Bank of India (RBI)** mandates that **Artificial Intelligence (AI)** must be governed at the **board level** with strict accountability.

### 4.3. Expansion of Integrated Ombudsman Scheme (RB-IOS)

- The **Reserve Bank of India Integrated Ombudsman Scheme (RB-IOS), 2021**, provides a cost-free complaint redressal mechanism against **Reserve Bank of India (RBI)**-regulated entities.
- The scheme previously covered commercial banks, **Non-Banking Financial Companies (NBFCs)**, and select financial entities.
- The **Reserve Bank of India (RBI)** issued a notification to include **State and Central Co-operative Banks** under the ambit of the **Reserve Bank of India Integrated Ombudsman Scheme (RB-IOS), 2021.**
- The inclusion will be effective from **November 1, 2025.**
- The scheme will also be extended to include **rural cooperative banks (District Central Cooperative Banks (DCCBs) and State Cooperative Banks (StCBs))** for the first time.

### 4.4. Deceased Depositor Claim Settlement and Nomination Facility Directions

- The **Reserve Bank of India (RBI)** released a draft circular proposing easier claim settlement after the death of an account holder.
- The new guidelines align existing rules with the **Banking Laws (Amendment) Act, 2025.**
- **Nomination Facility Directions, 2025:** The **Reserve Bank of India (RBI)** issued the **Reserve Bank of India (Nomination Facility in Deposit Accounts, Safe Deposit Lockers and Articles kept in Safe Custody with Banks) Directions, 2025**, effective from **November 1, 2025.**
- **Claim Settlement Timeline:** Banks must settle deposit account claims of deceased customers within **15 calendar days** from receipt of all required documents.
- **Threshold Limit (No Nominee):** For accounts without a nominee or survivorship clause, the threshold limit set by banks must be at least **₹15 lakh.**
- **Delay Penalty (Deposit):** prevailing bank rate + 4% p.a. on settlement amount for the delay period.
- **Delay Penalty (Lockers/Articles):** **₹5,000 per day** beyond the prescribed **15 days** after receiving all required documents.

### 4.5. Digital Banking Channels, Authentication, and Know Your Customer (KYC) Norms

- **Digital Banking Channels:** Launching transactional services needs prior **Reserve Bank of India (RBI)** approval (Phase 2), requiring **Board approval, Core Banking Solution (CBS) compliance, and cyber audit clearance.**
- **Authentication Mechanisms:** The **Reserve Bank of India (RBI) (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025** will come into force from **April 1, 2026.** It mandates **two-factor authentication (2FA)** for all digital payments.

## RBI In news (as on 15 Nov 2025)

- **Cross-Border Transactions:** For non-recurring, cross-border **card-not-present (CNP)** transactions, issuers must validate the **Additional Factor of Authentication (AFA)** when requested by overseas merchants, to be implemented by **October 1, 2026**.
- **Customer Communication:** Reserve Bank of India's (RBI's) **Master Circular on Customer Service in Banks** requires all customer-facing materials to be available in **Hindi, English, and the concerned regional language**.

### 4.6. Promotion of Financial Literacy and Digital Outreach

- The **Centre for Financial Literacy (CFL) Project** was initiated by the **Reserve Bank of India (RBI)** in **2017**.
- The **Reserve Bank of India (RBI)** runs the '**RBI Kehta Hai**' campaign to educate citizens on financial safety.
- As of **March 31, 2025**, there are **2,421 Centres for Financial Literacy (CFLs)** across the country, covering **three blocks** on average.
- The **Reserve Bank of India (RBI)** expanded the '**RBI Kehta Hai**' campaign through **verified WhatsApp channels**.
- Verified **WhatsApp** numbers for official updates: **99309 91935 (newly added)** and **99990 41935 (already active)**.
- **Financial Inclusion Index (FI-Index)** increased to **67.0** in **March 2025**, compared to **64.2** in **March 2024**.
- **Financial Inclusion Campaign:** The **Financial Inclusion (FI) saturation campaign** runs from **July 1, 2025, to September 30, 2025**.

## 5. Currency Management, Banknotes, and Appointments

### 5.1. Status Update on Withdrawal of ₹2000 Denomination Banknotes

- The **Reserve Bank of India (RBI)** announced the withdrawal of **₹2000 denomination banknotes** from circulation via press release **2023-2024/257 dated May 19, 2023**.
- At the time of the announcement, the total value in circulation stood at **₹3.56 lakh crore**.
- The facility for deposit and/or exchange at all bank branches was available until **October 07, 2023**.
- As of **May 31, 2025**, the value in circulation had declined to **₹6,181 crore**, with **98.26%** of notes returned.
- As of **July 31, 2025**, the value in circulation dropped to **₹6,017 crore**, with **98.31%** returned.
- As of **August 31, 2025**, the value in circulation declined to **₹5,956 crore**, with **98.33%** returned.
- As of **September 30, 2025**, the value in circulation declined to **₹5,884 crore**, with **98.35%** returned.
- As of **October 31, 2025**, the value in circulation totalled **₹5,817 crore**.
- The facility for exchange continues at the **19 Reserve Bank of India (RBI) Issue Offices**.
- The **₹2000 banknotes continue to remain legal tender**, despite the withdrawal from circulation.

### 5.2. Appointments of Deputy Governor and Executive Directors

- The **Reserve Bank of India (RBI) Central Board** is the apex policy-making body.
- **Deputy Governor:** **Shri Shirish Chandra Murmu** took charge as **Deputy Governor** of the **Reserve Bank of India (RBI)** on **October 9, 2025**, for a **three-year term**. He succeeded **Dr. M. D. Patra**.
- **Central Board Director:** The **Central Government** nominated **Ms. Anuradha Thakur, Secretary, Department of Economic Affairs, Ministry of Finance**, as a **Director** on the **Central Board of the Reserve Bank of India (RBI)**, effective **July 24, 2025**, replacing **Shri Ajay Seth**.

## RBI In news (as on 15 Nov 2025)

- **Executive Director (ED) - Sanjay Kumar Hansda:** Appointed **Executive Director (ED)** with effect from **March 3, 2025**, resuming duties on **October 6, 2025**. He oversees the **Department of Economic and Policy Research (DEPR)**.
- **Executive Director (ED) - Kesavan Ramachandran:** Appointed **Executive Director (ED)** with effect from **July 1, 2025**.
- **Executive Director (ED) - Sonali Sen Gupta:** Appointed **Executive Director (ED)**, effective **October 9, 2025**.

### 5.3. Retail Investment in Government Securities via Retail Direct Scheme (RDS)

- The **Reserve Bank of India (RBI) Retail Direct Scheme (RDS)** was launched on **12 November 2021**, allowing individual investors to directly invest in **Government Securities (G-Secs)**.
- Investors can open a **Retail Direct Gilt (RDG) Account free of cost**.
- **Account Growth:** Total accounts rose **82.5%** year-on-year to **3,12,618** as of **September 29, 2025**, compared to **1,71,269** a year earlier.
- **Trading Volume:** Secondary market traded volume shot up **6.43 times** to **₹5,293 crore**.
- **New Features:** The **Reserve Bank of India (RBI)** introduced **Systematic Investment Plan (SIP)** for **Treasury Bills (T-Bills)** and **Auto-Bidding facility** on its **Retail Direct platform**.
- **Investment Options:** **Treasury Bills (T-Bills)**, **Government of India Dated Securities (G-Secs)**, **State Development Loans (SDLs)**, and **Sovereign Gold Bonds (SGBs)**.

### 5.4. Sovereign Gold Bond (SGB) Management and Redemption

- The **Sovereign Gold Bond (SGB) Scheme** was introduced in **November 2015** and is managed by the **Reserve Bank of India (RBI)** on behalf of the **Government of India**.
- The bonds have a maturity of **8 years**.
- **Premature Redemption Announced (28 SGBs):** The **Reserve Bank of India (RBI)** announced premature redemption for **28 Sovereign Gold Bonds (SGBs)** issued between **May 2018** and **March 2021**.
- **Fixed Repurchase Price:** The repurchase price for these **Sovereign Gold Bonds (SGBs)** is fixed at **₹10,070 per unit**.
- **Redemption Price Calculation:** The price is based on the average closing price of **999 purity gold** published by the **India Bullion and Jewellers Association (IBJA)** for the **preceding three working days**.
- **Final Redemption (SGB 2017–18 Series-IV):** The final redemption price for the **Sovereign Gold Bond (SGB) 2017–18 Series-IV**, maturing on **October 23, 2025**, was announced at **₹12,704 per gram**.
- **GOI FRB 2028 Interest Rate:** Set at **6.22% per annum** for the half-year period from **October 4, 2025**, to **April 3, 2026** (Previous rate: **7.11% per annum**). The fixed spread is **0.64%**.
- **GOI FRB 2033 Interest Rate:** Set at **6.82% per annum** for the period **September 22, 2025**, to **March 21, 2026**. The fixed spread is **1.22%**.

### 5.5. New Microsite for Banknotes

- The **Reserve Bank of India (RBI)** launched a new dedicated microsite for banknotes: <https://indiancurrency.rbi.org.in>.
- The portal provides **360-degree views** of banknotes, along with detailed information on their design, features, and security elements.
- It includes interactive games and a dedicated section for **exchange of banknotes**.
- The new microsite replaces the older site: <https://paisaboltahai.rbi.org.in>.