

RBI December Circular 2025

Latest Regulatory Updates & Guidelines



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Reserve Bank of India Fines Mannakrishna Investments ₹3.10 Lakh for Regulatory Non-Compliance

- The **Reserve Bank of India (RBI)** imposed a **monetary penalty of ₹3.10 lakh** on **Mannakrishna Investments Private Limited** for **non-compliance** with regulatory directions.
- The penalty relates to violations of the **'Master Direction – RBI (NBFC – Scale Based Regulation) Directions, 2023'**, specifically concerning **Governance Issues**.
- The action was taken under **Section 58G(1)(b)** read with **Section 58B(5)(aa)** of the **Reserve Bank of India Act, 1934**.
- The penalty followed an **RBI inspection** conducted based on the company's **financial position as of March 31, 2024**.
- After inspection, **RBI issued a show-cause notice** for non-compliance with directions.
- The company **failed to obtain prior written permission from RBI** before **appointing a director**, leading to a **management change exceeding 30%** (excluding independent directors).

Reserve Bank of India Data Shows All-India House Price Index Rises 2.2% in Q2 FY26, Slower Than 7% Last Year

- According to **Reserve Bank of India (RBI) data**, the **All-India House Price Index (HPI)**, based on transactions in **18 major cities**, increased at a **slower pace of 2.2% in Q2 FY26**, compared to **7% in the year-ago period**.
- The **RBI compiles HPI quarterly** using **transaction-level data** received from the **registration authorities**.
- The central bank released its **HPI for Q2:2025-26** with a **new base year of 2022-23**, replacing the **earlier base year of 2010-11**.
- The **18 cities covered** by the RBI include **Mumbai, Delhi, Chennai, Kolkata, Bangalore, Lucknow, Ahmedabad, Jaipur, Kanpur, Kochi, Hyderabad, Thiruvananthapuram, Pune, Ghaziabad, Thane, Gautam Buddha Nagar, Chandigarh, and Nagpur**.

Reserve Bank of India Governor Launches Five-Year National Strategy for Financial Inclusion

- The **Reserve Bank of India (RBI)** formally released the **National Strategy for Financial Inclusion (NSFI) 2025–30** at the **32nd meeting of the sub-committee of the Financial Stability and Development Council (FSDC-SC)**, aiming to strengthen and deepen the financial ecosystem over the next five years.
- The strategy was released by **RBI Governor Sanjay Malhotra** and adopts an **ecosystem-based approach** to expand access, improve service quality, and promote **effective usage** of financial products among underserved communities.



Key Highlights :

- **NSFI 2025–30 emphasizes coordinated efforts across institutions and stakeholders**, seeking to enhance **last-mile access** and ensure financial services reach remote households and micro enterprises.
- The new strategy **prioritizes the shift from mere access to effective usage of financial services**, ensuring **resilience, security, and well-being** through meaningful participation in the financial system.
- The strategy is anchored in **five objectives called “Panch-Jyoti”**: **Expanding equitable and affordable services, promoting women-led financial inclusion, linking finance with livelihoods, leveraging financial education, and strengthening customer protection.**
- **47 targeted action points support the Panch-Jyoti objectives**, implemented across regulators (**RBI, SEBI, IRDAI, PFRDA**) and institutions (**NABARD, NSDC, NCFE**).
- The plan stresses **stronger linkages between financial access, livelihood development, and skill enhancement**, integrating financial services with broader development initiatives to support **income generation and household security.**
- The new plan will prioritize **stronger customer protection and more reliable grievance redressal mechanisms**, building on the success of the previous five-year strategy.
- **NSFI 2025–30 aligns with the UN’s 2030 Agenda for Sustainable Development**, embracing the principle of **universality — leave no one behind —** and envisioning a **synergistic ecosystem** linking financial services with **livelihood initiatives, skill development, and digital infrastructure.**

Reserve Bank of India Sees 13% Increase in Consumer Complaints Under Ombudsman Scheme in FY25

- **Consumer grievances under the Reserve Bank of India (RBI) Ombudsman Scheme rose by 13% in FY25**, reaching **13,34,244 complaints** compared with **11,75,075 in FY24.**
- **The growth in complaints moderated from 33% in FY24 to 13% in FY25**, reflecting a slowdown.

Key Highlights :

- **RBI attributed the increase to expanding digital penetration and heightened consumer awareness** of grievance redressal mechanisms.
- **24 Offices of the RBI Ombudsman (ORBIOs) received 2,96,321 complaints in FY25.**
- **Centralised Receipt and Processing Centre (CRPC) handled 9,11,384 complaints**, forwarding **1,08,331 complaints to ORBIOs and 10,589 complaints to Consumer Education and Protection Cells (CEPCs) for redressal.**
- **7,76,336 complaints were classified as non-maintainable/non-complaints at CRPC**, showing a high proportion of closed cases at the centre.
- **Pending complaints at CRPC as of March 31, 2025, stood at 16,128.**
- **Complaints related to loans and advances were the highest in FY25**, followed by **credit card complaints**, which became the second-largest contributor.

- **Complaints related to mobile and electronic banking decreased by 12.74% year-on-year**, indicating improvement in digital banking services.
- **Banks accounted for 81.53% of ORBIO complaints (2,41,601 cases)**, while NBFCs contributed 14.80% (43,864 complaints).
- **Private sector banks received the highest share of complaints – 37.53% in FY25, up from 34.39% in FY24.**
- **Complaints against private sector banks increased by 10%**, whereas **state-owned banks saw an 8.45% decline.**
- **Complaints against small finance banks surged by 42%**, albeit from a lower base.

Reserve Bank of India issues directives requiring banks to offer customer services in regional languages

- **The Reserve Bank of India (RBI) customer service guidelines** mandate the use of **regional languages** so banks can align service delivery with **local needs** across India.
- Banks must have a **Board-approved branch management policy**, including **display of indicator boards**, providing **service booklets**, and ensuring **forms, pay-in slips, passbooks, and grievance redressal material** are available in **Hindi, English, and the regional language.**
- Banks operate **multilingual contact centres** and **digital banking channels** to offer assistance in **regional languages** for improved accessibility.
- **Department of Financial Services (DFS)** has instructed **Public Sector Banks (PSBs)** to fully comply with **RBI's regional language usage guidelines** for customer service.
- **RBI** has reiterated to **Scheduled Commercial Banks (SCBs)** that **all customer communications must be issued in a trilingual format—Hindi, English, and the concerned regional language.**
- **Indian Banks' Association (IBA)** advised **PSBs** to adopt a policy for recruiting **Local Bank Officers (LBOs)** to strengthen communication with local customers, especially in **rural and semi-urban areas.**
- Front-end services in **PSBs** are handled by **Customer Service Associates (CSAs)**, who must clear a **Local Language Proficiency Test (LPT)** for the **State/UT's official language**, ensuring **seamless and effective customer service.**

Reserve Bank of India Approves Razorpay as Cross-Border Payment Aggregator under PSS Act 2007

- The **Reserve Bank of India (RBI)** has **approved Razorpay** to operate as a **Payment Aggregator – Cross Border Inward & Outward (PA-CB-I&O)** under the **Payment and Settlement Systems (PSS) Act, 2007.**
- The **PA-CB licence** mandates strict compliance with **KYC (Know Your Customer)**, **AML (Anti-Money Laundering)**, **secure payment flows**, **export documentation**, and **settlement timelines.**
- With this approval, **Razorpay** can now **process international payments**, enabling **Indian businesses to receive payments** from global customers and allowing **foreign companies to pay or operate in India** through Razorpay.
- **Razorpay**, founded in **2014** by **Harshil Mathur** and **Shashank Kumar**, offers digital financial solutions including **Payment Gateway**, **RazorpayX (neo-banking)**, **Razorpay Capital**, **Subscriptions & Recurring Payments**, **Smart Collect**, **Payment Links**, and **Payment Pages.**



Recent News :

- In Nov 2025, **Paytm Payments Services Limited (PSSL)**, a subsidiary of **One97 Communications**, received the **Certificate of Authorisation (COA)** from the **Reserve Bank of India (RBI)** to operate as a **Payment Aggregator (PA)** under the **Payment and Settlement Systems Act (PSSA), 2007**.

Reserve Bank of India Reaffirms SBI, HDFC Bank and ICICI Bank as Domestic Systemically Important Banks

- The **Reserve Bank of India (RBI)** announced that **State Bank of India (SBI), HDFC Bank, and ICICI Bank** will continue as **Domestic Systemically Important Banks (D-SIBs)** for **2025**, retaining the same **bucketing structure** as in **2024**.

Key Highlights :

- **SBI** must maintain an additional **Common Equity Tier-1 (CET-1) capital buffer of 0.80%** of its **Risk-Weighted Assets (RWAs)**, while **HDFC Bank** and **ICICI Bank** must maintain **0.40%** and **0.20% CET-1 buffers**, respectively.
- The **2025 D-SIB list** is based on **data as of 31 March 2025**.
- The **RBI's D-SIB Framework**, first issued in **July 2014** and updated in **December 2023**, mandates annual disclosure of **D-SIB banks** and their classification into **systemic importance buckets**.
- **D-SIBs** carry an **additional CET-1 surcharge** over **Basel-III requirements**, depending on their assigned **bucket**.
- Banks designated as **D-SIBs** are considered **"Too Big to Fail (TBTF)"**, assessed based on **size, complexity, substitutability** (including **value and volume of rupee payments**), and **interconnectedness** with the financial system.
- **SBI** became India's first **D-SIB in 2015**, followed by **ICICI Bank in 2016** and **HDFC Bank in 2017**.
- Banks are selected as **D-SIBs** if their **size exceeds 2% of India's GDP**, after which they are evaluated on **Size, Interconnectedness, Lack of substitutes, and Complexity**.
- Foreign banks with Indian branches are categorised as **Global Systemically Important Banks (G-SIBs)** and must maintain additional **CET-1 capital surcharge** in India proportional to their **RWAs**.

Reserve Bank of India Gives In-Principle Nod to Fino Payments Bank to Convert into a Small Finance Bank

- The **Reserve Bank of India (RBI)** has granted **in-principle approval** to **Fino Payments Bank Limited (FPBL)** to convert into a **Small Finance Bank (SFB)**, making it the **1st Payment Bank in India** to receive such approval.
- The approval was given after assessing its application under the **'On-Tap' Licensing Guidelines for Small Finance Banks**, aimed at **enhancing financial inclusion**.

Key Highlights :

- As per **RBI norms**, only **payments banks controlled by residents** and operating for **at least 5 years** are eligible for **SFB conversion**, a criterion that **Fino Payments Bank (operational since 2017)** now meets.

- The conversion will allow Fino to **accept larger deposits, offer credit facilities**, and expand its **customer base**, including individuals and small enterprises.
- This approval follows the RBI's decision to allow **AU SFB** to convert into a **Universal Bank**, while applications from **Jana SFB** and **Ujjivan SFB** remain pending or returned.
- With Fino's conversion, only large payments banks such as **Airtel Payments Bank, Jio Payments Bank**, and **India Post Payments Bank** remain active, while **Paytm Payments Bank** is barred from **new deposits and activities** due to regulatory violations.
- After conversion, **Fino will join 11 existing SFBs: AU, Equitas, Suryoday, Utkarsh, Jana, Unity, Capital, ESAF, Ujjivan, Shivalik, and Slice SFB.**
- **Fino received board-level approval in July 2023** to pursue this shift and applied formally for an SFB licence in **December 2023.**

Eligibility & Regulatory Norms for Conversion (PB → SFB) :

- Only **resident individuals, resident-controlled companies, NBFCs, MFIs, LABs, and payments banks** with **5 years of successful operations** can promote or convert into an SFB, subject to **RBI's fit-and-proper criteria.**
- **Large industrial houses, government or public sector entities, AIFs, trusts, and shell banks** are **not eligible** to promote SFBs, and applicable entities must follow corporate rules such as using an **NOFHC (Non-Operative Financial Holding Company)** when operating under a holding company.
- Every SFB must be registered as a **Public Limited Company** under the **Companies Act, 2013**, and licensed under **Section 22 of the Banking Regulation Act, 1949.**
- **Minimum net worth requirement is ₹300 crore** for an SFB; **UCBs (Urban Co-operative Banks)** may begin with **₹150 crore** but must reach **₹300 crore within five years.**
- Entities converting from **NBFCs, MFIs, LABs, or Payments Banks** must meet the **₹300 crore net worth benchmark** either at licence issuance or within **18 months of receiving in-principle approval.**
- SFBs must maintain a **minimum Capital Adequacy Ratio (CAR) of 15%**, with **Tier I capital of at least 7.5%** and **Tier-II capital capped at 100% of Tier-I capital**, in line with **RBI's Prudential Norms.**
- **Promoters must initially hold 40% of paid-up voting equity** for the **first five years**, and this must be **reduced to 26% within 15 years**; **UCB-converted SFBs** start with **26% promoter holding.**
- All promoters must report **major shareholding changes** and ensure **listing of the SFB within eight years** of commencing operations.
- SFBs must ensure **at least 50% of their loan portfolio** consists of **loans up to ₹25 lakh**, calculated **borrower-wise.**
- Every SFB must open **at least 25% of its branches in unbanked rural centres**, strengthening **rural financial inclusion.**
- Conversion of existing Fino PB branches into SFB branches must comply with the **RBI (Small Finance Banks – Branch Authorisation) Directions, 2025.**

About Fino Payments Bank Limited (FPBL)

- **Established : 2017**
- **Managing Director & CEO : Rishi Gupta.**
- **Headquarters : Navi Mumbai, Maharashtra.**

Reserve Bank of India Issues Revised Gold Metal Loan Directions, Effective 1 April 2026

- The **Reserve Bank of India (RBI)** issued revised **Gold Metal Loan (GML) Directions** as part of updates to the regulatory framework for **gold-related lending**, effective **1 April 2026**.
- The revised rules amend the **Master Direction on Import of Goods and Services** and the **Gold Monetisation Scheme (GMS)**.

Key Highlights :

- Under the new framework, **nominated banks importing gold** can extend **import-linked GML** to entities engaged in **jewellery manufacturing or sales** for domestic or export markets.
- **Non-manufacturer jewellers** are also eligible to borrow if they **outsource jewellery production** to **registered artisans, goldsmiths, or manufacturing units**.
- **Gold Metal Loans (GML)** refer to loans provided by eligible banks to specified borrowers **in the form of physical gold metal**.
- The GML scheme was originally launched in **1998** under the **Export-Import Policy 1997–2002** to support the **working capital needs** of the jewellery sector.
- Banks are permitted to **set interest rates** on GML based on the **cost of procuring or holding gold**, with **repayment tenors** aligned to **FTP rules for exporters** and **up to 270 days** for non-export borrowers.
- **GML repayment will be in INR**, but for **GMS-linked GML**, borrowers may **optionally repay the principal in physical gold** under specified conditions.
- Banks must submit **quarterly GML reports** to the **RBI**, with all revised provisions becoming **effective from April 1, 2026**.

Reserve Bank of India Updates Large Exposure Framework and Interbank Exposure Framework Guidelines for Foreign Bank Branches in India

- The **Reserve Bank of India (RBI)** has issued revisions to the **Large Exposure Framework (LEF)** and the **Interbank Exposure Framework (ITE)** to clarify the **prudential treatment** for **foreign bank branches operating in India**.

Key Highlights :

- The **LEF** governs the **maximum credit exposure** a bank can have to a **single counterparty or group**, helping to **mitigate concentration risk**.
- The **ITE framework** regulates **interbank exposures** to maintain **systemic stability** within the banking sector.
- The amendments will be **effective from April 1, 2026**, although **banks may adopt them earlier** at their discretion.

- **Chapter IV of the framework** has been **repealed with effect from January 1, 2026**.
- Indian banks can now **include accrued profit of the current financial year** as part of **Tier-1 capital** when computing **exposure limits under LEF**.
- **Indian branches of foreign G-SIBs** (Globally Systemically Important Banks) will have a **20% exposure limit** of the **eligible capital base** for exposures to their **head office, overseas branches, or other G-SIBs**, and a **25% limit** for exposures to **other banks**.
- Conversely, **Indian branches of foreign non-G-SIBs** will follow the **reverse ratio**, with a **25% limit** for exposures to their **head office and other non-G-SIBs**, and a **20% limit** for exposures to **G-SIBs**.

Reserve Bank of India Mandates Free ATM/Debit Card Issuance and Renewal for All BSBD Account Holders

- The **Reserve Bank of India (RBI)** has amended the **Responsible Business Conduct Directions, 2025**, making it mandatory for banks to provide **free ATM/ATM-cum-Debit card issuance and annual renewal** to **Basic Savings Bank Deposit (BSBD) account holders**.

Key Highlights :

- Under the revised norms, banks must also offer **compulsory mobile banking and internet banking facilities** to all **BSBD account holders**.
- The amendments will be effective from **April 1, 2026**, or **earlier if a bank voluntarily adopts them**.
- Customers can request the **conversion of an existing savings account into a BSBD account**, and banks must complete this conversion **within seven days**, including through **digital channels**.
- As per the new rules, an individual **cannot hold more than one BSBD account across banks**, ensuring the **financial inclusion** objective is upheld.
- Banks are required to provide **at least four free withdrawals per month** for BSBD account holders, which include **ATM withdrawals and transfer transactions**.
- **Digital payments** such as **UPI, NEFT, RTGS, IMPS, and PoS transactions** will **not be counted** toward the four-withdrawal limit.
- BSBD customers will be issued a **free ATM or ATM-cum-debit card**, with **zero annual charges**, promoting low-cost banking access.
- Banks must provide a **cheque book with a minimum of 25 free leaves per year**, along with **free account statements/passbooks** in printed or email form.
- Through these amendments, the **RBI aims to make BSBD accounts more attractive and affordable**, especially since regular savings account holders currently pay **₹200-₹400 annually** for ATM card services.

Government and Reserve Bank of India Implement Multiple Steps to Enhance the Digital Lending Framework

- The **Government** is actively working with the **Reserve Bank of India (RBI)** and other regulators to curb the operations of **unauthorized digital loan apps** in India.
- **RBI** has launched a **Digital Lending Apps (DLAs) Directory** on its website from **1 July 2025** to help customers verify whether a digital lending app is linked to an **RBI-regulated entity (RE)**.

- The **Ministry of Electronics and Information Technology (MeitY)** is empowered under **Section 69A of the IT Act, 2000** to **block unauthorized loan apps** after following due legal procedures.
- **RBI** issued the **Reserve Bank of India (Digital Lending) Directions, 2025** on **8 May 2025**, mandating strict norms on **recovery practices, data privacy, and grievance redressal** for **Regulated Entities (REs), Lending Service Providers (LSPs), and Digital Lending Apps (DLAs)**.
- The **Government** is engaging major **internet intermediaries and messaging platforms** to monitor and restrict **unauthorized loan app operations**.
- The **Indian Cyber Crime Coordination Centre (I4C)** under the **Ministry of Home Affairs (MHA)** is analysing digital lending apps and supporting citizens through the **National Cybercrime Reporting Portal (cybercrime.gov.in)** and the **Cybercrime Helpline 1930**.
- Citizens can lodge complaints against illegal deposit-taking entities through the **SACHET portal** and the **State Level Coordination Committee (SLCC)**
- The **RBI and banks** are conducting awareness programs such as **SMS alerts, radio campaigns, cyber-crime prevention publicity, and e-BAAT (electronic Banking Awareness and Training)** to educate citizens about fraud risks and safe digital practices.

Reserve Bank of India Announces Major Highlights of its 5th Bi-monthly Policy Review for FY26

- The **Reserve Bank of India (RBI)** conducted the **58th and 5th Bi-monthly Monetary Policy Committee (MPC) meeting** of Financial Year 2025-26 (FY26) from **3–5 December 2025**, chaired by **Governor Sanjay Malhotra**, and attended by **Nagesh Kumar, Saugata Bhattacharyya, Prof. Ram Singh, Dr. Poonam Gupta, and Indranil Bhattacharyya**.
- The **MPC unanimously reduced the Repo Rate to 5.25%** under the **Liquidity Adjustment Facility (LAF)**, while maintaining a **Neutral stance**, indicating flexibility for future rate movements.
- The rate cut was undertaken because **inflation fell to multi-year lows** and **growth showed early signs of softening**, providing policy space to support economic activity.

Key Highlights :

Policy Measures:

- **Repo Rate (Repurchase Rate): 5.25%** under the **Liquidity Adjustment Facility (LAF)**
 - ▶ The rate at which the RBI lends money to commercial banks against government securities.
- **Reverse Repo Rate : 35%**
 - ▶ The rate at which the RBI borrows money from commercial banks by offering government securities.
- **Policy Stance: Neutral**
 - ▶ Indicates a balanced approach between controlling inflation and supporting growth.
- **CRR (Cash Reserve Ratio): 3%**
 - ▶ The percentage of a bank's total deposits that must be kept as cash reserve with the RBI.
- **SDF (Standing Deposit Facility) Rate: 5.00%**
 - ▶ The rate at which the RBI accepts uncollateralised deposits from banks, used to absorb excess liquidity.



- **MSF (Marginal Standing Facility) Rate: 5.50%**
 - ▶ The rate at which banks can borrow overnight funds from the RBI against approved government securities.
- **Bank Rate: 5.50%**
 - ▶ The rate at which the RBI lends long-term funds to commercial banks; used to control money supply and credit.
- **SLR : 18.00%**
 - ▶ The percentage of a bank's Net Demand and Time Liabilities (NDTL) that must be maintained in the form of liquid assets such as cash, gold, or approved government securities.
- India's **real GDP recorded a six-quarter high growth of 8.2% in Q2 2025-26**, supported by strong consumer demand and **GST levy reductions**.
- The **RBI raised the FY26 GDP growth forecast to 7.3%**, revised upward from **6.8%**, with quarterly projections of **7.0% (Q3)** and **6.5% (Q4)**, and **6.6% (Q1 FY27)** and **6.8% (Q2 FY27)**.
- The **RBI revised FY26 CPI inflation outlook downward to 2.0%**, including **0.6% (Q3)** and **2.9% (Q4)**, while inflation for **Q1 FY27 is 3.9%** and **Q2 FY27 is 4.0%**, within the **4% target band +/- 2%**.
- **Headline CPI inflation hit an all-time low in October 2025**, driven by a **sharp correction in food prices**, deviating from normal seasonal patterns.
- India's **Current Account Deficit (CAD) moderated to 1.3% in Q2 FY26**, supported by **strong services exports** and **high remittances**, though **October 2025 merchandise exports contracted YoY**, and **imports rose for the second consecutive month**, widening the trade deficit.
- India's **foreign exchange reserves stood at USD 686.2 billion as of 28 November 2025**, providing **over 11 months of import cover**.
- The RBI will launch a **two-month Ombudsman campaign from 1 January 2026** to clear all **complaints pending for more than one month**.
- The **next MPC meeting is scheduled for 4–6 February 2026**, continuing the monetary policy review cycle.

Reserve Bank of India Releases 15th Foreign Collaboration Survey Results for FY 2023–24 and FY 2024–25

- The **Reserve Bank of India (RBI)** released the results of the **15th biennial Foreign Collaboration Survey (FCS)**, covering **FY 2023–24 and FY 2024–25**, capturing financial and operational data of **Indian companies with foreign technical collaboration**.
- In this round, **601 Foreign Technical Collaboration (FTC) agreements** were reported by **255 Indian entities**, with **163 entities** also having participated earlier.
- **FTCs** were dominated by **FDI-linked companies**, with **foreign subsidiaries (68%)** and **foreign associate companies (21%)** accounting for most collaborations.
- The **manufacturing sector** accounted for **78.4%** of all **FTCs**, especially **machinery and motor vehicles (30.6%)**, while **services** contributed **16.6%**.
- **Japan, USA, and Germany** remained the **top three sources** of technical collaborations.
- Around **61%** of **FTCs** involved **technology know-how transfer**, and **8%** involved **brand/trademark use**.

Reserve Bank of India Announces ₹1 Lakh Crore Open Market Operations and \$5 Billion USD/INR Buy-Sell Swap to Boost Liquidity

- The **Reserve Bank of India (RBI)** announced **Open Market Operations (OMO)** purchases of **₹1 lakh crore** and a **3-year USD/INR buy-sell swap of \$5 billion** in December 2025 to inject **durable liquidity** into the banking system.
- **OMOs** are a key **monetary policy tool** used by the RBI to regulate **liquidity** in the banking system by **buying or selling government securities (G-Secs)** in the open market.
- When **RBI purchases government securities**, it **injects liquidity** into the system, encouraging banks to **lend more**, which can **boost economic activity**.
- When **RBI sells government securities**, it **absorbs excess liquidity** and helps to **control inflation** by **reducing the money supply**.

Reserve Bank of India Updates Rules on Carrying Indian Currency To and From Nepal and Bhutan

- The **Reserve Bank of India (RBI)** issued **revised directions** to modify rules on the **export and import of Indian currency** to and from **Nepal and Bhutan**.
- Under the new rules, any person **except citizens of Pakistan or Bangladesh** may carry **Indian currency notes up to ₹100 denomination without limit** while travelling to/from Nepal or Bhutan.
- Individuals are **allowed to take out of India Indian currency above ₹100 denominations up to ₹25,000** to Nepal or Bhutan.
- Travellers may **bring into India** from Nepal or Bhutan **Indian currency above ₹100 denominations up to ₹25,000**.
- **Authorised Persons** have been directed to **inform customers and stakeholders** about the revised provisions.
- The amendments were notified via **FEMA (Export and Import of Currency) (Amendment) Regulations, 2025**, published in the **Official Gazette on 2 December 2025**.
- These directions are issued under **Sections 10(4) and 11(1) of FEMA, 1999**, and operate **without prejudice to other legal permissions**.

Reserve Bank of India Orders Partner Banks to Pause Issuance of OneCard Co-Branded Credit Cards

- The **Reserve Bank of India (RBI)** has **directed banks** partnered with **FPL Technologies (OneCard)** to **halt fresh issuance** of co-branded credit cards due to regulatory concerns.
- The pause aims to give **RBI clarity on data-sharing practices**, specifically whether FPL and partner banks comply with **outsourcing and customer-data protection norms**.
- Until the review is complete, banks must **suspend onboarding new OneCard customers** as per **RBI instructions**.
- OneCard is issued by partner banks such as **BOB Cards, SBM India, Federal Bank, CSB Bank, South Indian Bank, and Indian Bank**, while **FPL Technologies** handles customer acquisition and management.
- In **March 2024**, **Federal Bank** and **South Indian Bank** had already reported RBI directions to pause their **co-branded credit card programmes**.

- The issue follows **RBI's stricter guidelines (March 7, 2024)** to curb **fintech back-door entry** into regulated credit card operations, especially regarding **data sharing** and **operational control**.
- **FPL Technologies**, founded in **2019** by ex-ICICI Bank executives, last raised **\$25.5 million** in December 2025; earlier, its valuation peaked at **\$1.3 billion (2022)** after Temasek's investment.
- **Co-branded credit cards** have surged through partnerships with **Swiggy, Amazon, Flipkart, etc.**, prompting stricter regulation by RBI.

Reserve Bank of India Conducts 97th Round of Survey of Professional Forecasters with 45 Panellists in Nov 2025

- The **Reserve Bank of India (RBI)** has been conducting the **Survey of Professional Forecasters (SPF)** since **September 2007**.
- **Forty-five panellists** participated in the **97th round** of the bi-monthly survey conducted during **November 2025**.
- A **quick follow-up survey** was conducted among SPF panellists after the release of **Q2:2025-26 GDP estimates** by the **National Statistics Office (NSO)** on **28 November 2025**.
- **Real GDP** is expected to grow by **7.0% in 2025-26** and by **6.6% in 2026-27**.
- SPF panellists placed **GDP growth forecasts** in the range of **6.5–7.4% for 2025-26** and **6.4–7.3% for 2026-27**.
- Forecasters assigned the **highest probability** to real GDP growth in the range of **7.0–7.4% for 2025-26** and **6.5–6.9% for 2026-27**.

Reserve Bank of India Imposes Penalties on Jammu & Kashmir Bank, Truhome Finance, Bansal Credits, and Keertana Finserv for Regulatory Lapses

- The **Reserve Bank of India (RBI)** imposed a **₹99.30 lakh monetary penalty** on **Jammu & Kashmir Bank Limited**.
- The penalty was for violations of **Section 26A of the Banking Regulation Act, 1949** (related to transferring eligible balances to the DEA Fund) and non-compliance with **Internal Ombudsman Scheme, Customer Service, and KYC norms**.
- Specific lapses included the **failure to escalate certain rejected complaints** to the **Internal Ombudsman** and not issuing **final communication letters to customers** about their **right to approach the Banking Ombudsman**.
- The penalty followed **RBI's Statutory Inspection for Supervisory Evaluation (ISE)** based on the bank's **financial position as of 31 March 2024**.

Penalties on NBFCs and HFCs

- RBI imposed a **₹6.20 lakh penalty** on **Bansal Credits Limited** (an NBFC) for **non-compliance with RBI's Know Your Customer (KYC) Directions**.
- The penalty was issued under **Section 58G(1)(b)** read with **Section 58B(5)(aa)** of the **RBI Act, 1934**.
- The company **did not have a system to generate alerts** for **identifying, monitoring, and reporting suspicious transactions**.
- It also failed to **upload customers' KYC records** to the **Central KYC Records Registry (CKYCR)**, a mandatory requirement.

- RBI imposed a **₹3.10 lakh penalty** on **Keertana Finserv Limited** for **non-compliance with governance requirements**.
- The company **appointed a director without prior written RBI approval**, resulting in a **change of management exceeding 30% of its board**, excluding independent directors.
- This constituted a **breach of RBI's governance norms** applicable to **regulated entities**.
- RBI imposed a **₹3.10 lakh monetary penalty** on **Truhome Finance Limited** (formerly Shriram Housing Finance Limited - an HFC) for **violations of RBI's KYC Directions**.
- The penalty was issued under **Section 52A of the National Housing Bank Act, 1987**.
- The company **failed to obtain PAN or equivalent e-document, or Form 60** in certain **loan accounts**, contrary to **mandatory KYC procedures**.

About Jammu & Kashmir Bank :

- Incorporated : **1938**
- **Corporate Headquarters : Srinagar.**
- **Managing Director & CEO : Amitava Chatterjee.**

Reserve Bank of India Revises Credit Information Reporting Directions, 2025 Through Amendment Notifications

- The **Reserve Bank of India (RBI)** has issued **Amendment Directions** to modify the **Credit Information Reporting Directions, 2025** based on feedback from the earlier draft framework.
- The revised framework, issued under **Section 11** of the **Credit Information Companies (Regulation) Act, 2005**, will come into force on **1 July 2026**.
- Lenders must submit **credit data** to **Credit Information Companies (CICs)** **four times a month**—on the **9th, 16th, 23rd, and last day** of each month—moving towards **near-real-time reporting**.
- A **full file** containing records of all **active and closed accounts** must be submitted as on the **last day of each month**, by the **5th of the following month**.
- **CICs** are required to submit **half-yearly reports** on entities failing to adhere to timelines via the **RBI's DAKSH portal**.
- India has **four primary Credit Information Companies (CICs)**, licensed and regulated by RBI under the **Credit Information Companies Regulation Act, 2005**—**TransUnion CIBIL, Experian, Equifax, and CRIF High Mark**.

Reserve Bank of India Launches Two-Month Campaign from 1st January 2026 to Resolve Pending Customer Grievances

- The **Reserve Bank of India (RBI)** announced a **two-month campaign** starting **1st January, 2026** to clear all **customer grievances** pending for more than a month with the **RBI Ombudsman**.
- RBI Ombudsman scheme helps provide cost-free redressal of customer complaints involving deficiency in services rendered by entities regulated by RBI, if not resolved to the satisfaction of the customers or not replied **within a period of 30 days by the regulated entity**.
- **Governor Sanjay Malhotra** stated that the campaign aims to **strengthen customer service** as **grievance pendency** has increased due to a surge in complaints.

- RBI has urged **full cooperation** from all **regulated entities (REs)** to make the campaign **effective and impactful**.
- RBI Governor **Shaktikanta Das** highlighted that the central bank has implemented initiatives to **enhance customer experience**, including **simplifying re-KYC, improving financial inclusion processes**, and launching the “**Aapki Poonji, Aapka Adhikar**” awareness program.

Reserve Bank of India Clears State Bank of India and Bank of Baroda to Establish Digital Payments Intelligence Platform

- The **State Bank of India (SBI)** and **Bank of Baroda (BoB)** received **Reserve Bank of India (RBI) approval** to set up a new entity for a **Digital Payments Intelligence Platform**.
- The new company, named **Indian Digital Payment Intelligence Corporation (IDPIC)**, will be established as a **Section 8 company** under the **Companies Act, 2013**.
- The purpose of **IDPIC** is to **detect and prevent fraudulent digital transactions** across **public sector banks** by acting as a **central intelligence hub** for real-time data sharing and fraud pattern analysis.
- The **Finance Ministry** granted an **exemption** permitting both SBI and BoB to hold **over 30% stake** in the new company, valid until **16 October 2026**.
- All **12 public sector banks** are expected to take **equity stakes** in the newly created entity.
- **IDPIC** will be launched with an **authorised capital of Rs 500 crore** and a **paid-up capital of Rs 200 crore**.

Reserve Bank of India Permits Rupee Interest Rate Derivative Transactions for Both Residents and Non-Residents

- The **Reserve Bank of India (RBI)** issued the **Master Direction ‘Rupee Interest Rate Derivatives (IRD) Directions, 2025’**, permitting **residents and non-residents** to undertake **rupee-denominated Interest Rate Derivative (IRD) transactions** effective **1 March 2026**.
- These directions are issued under **Section 45W of the RBI Act, 1934**, enabling regulatory powers for rupee IRD transactions.

Key Highlights :

- The directions apply to **Rupee IRD transactions** undertaken in both the **Over-the-Counter (OTC) market** and on **recognised stock exchanges in India**.
- Recognised exchanges may introduce **new IRD products** only after obtaining **prior RBI approval**, ensuring regulatory oversight.
- Any floating **interest rate, price or index** for exchange-traded IRDs must be a **benchmark published by an authorised Financial Benchmark Administrator (FBA)**.
- RBI designates eligible **market-makers** including **Scheduled Banks, Standalone Primary Dealers (SPDs)**, Non-Banking Finance Company-**Upper Layer (NBFC-UL)**, and specialised banks like Export-Import Bank of India (EXIM Bank); National Bank for Agriculture and Rural Development (NABARD).
- Market-makers must classify participants into **Retail and Non-Retail users**, ensuring differentiated regulatory treatment.

- **Retail users** may trade only **simple IRDs for hedging** and are allowed to **buy options only**, ensuring lower risk participation.
- **Non-retail users** face **no purpose restrictions** and may trade **complex IRDs including swaptions**, reflecting higher sophistication.
- RBI sets a cap on **Price Value of a Basis Point (PVBP)** for **non-resident positions**, limiting total outstanding positions to **Rs 1,000 crore**.
- Market-makers must **report all global OTC IRD trades** to the **Trade Repository (TR)** operated by Clearing Corporation of India Limited (CCIL), ensuring transparency.
- RBI also specifies **position limits** for non-residents in exchange-traded IRDs, where **FPIs and other non-residents** cannot hold **net long positions above Rs 5,000 crore** across all interest-rate futures.
- The **OTC market** refers to derivative transactions executed **outside recognised exchanges**, including through **electronic trading platforms (ETPs)**.
- A **market-maker** is an entity that **quotes prices and provides liquidity**, facilitating smooth trading in IRDs.

Reserve Bank of India Relaxes Norms for Opening and Operating Cash Credit, Current and Overdraft Accounts

- The **Reserve Bank of India (RBI)** has **eased norms** for **opening and maintaining Cash Credit (CC), Current Accounts, and Overdraft (OD) facilities**, incorporating stakeholder feedback on the draft circular issued in October.
- Banks are now allowed to offer **Cash Credit (CC) accounts without restrictions**, based **purely on customer requirements**.

Key Highlights :

- For customers with **aggregate banking exposure below ₹10 crore**, any bank may **freely open or maintain Current or Overdraft (OD) accounts**.
- For borrowers with **banking exposure above ₹10 crore**, **only banks holding at least 10% of the borrower's total exposure** are permitted to **open or maintain Current or OD accounts**.
- If **no bank or only one bank** meets the **10% exposure threshold**, the **top two lenders by exposure** may maintain **Current/OD accounts**, modifying the earlier rule that **limited such accounts to two banks regardless of exposure share**.
- **Funds received in collection accounts** must be **transferred within two working days** to the borrower's **designated CC, Current, or OD account**.
- Any **Overdraft (OD) disbursement** from a **collection account** must be **routed only through the designated account**.
- Banks are required to **monitor all transaction accounts regularly**, and **at least once every six months**, to ensure **compliance with the revised RBI guidelines**.
- The **revised norms will come into effect from April 1, 2026**, though **banks may choose to implement them earlier in full**.

Reserve Bank of India Grants In-Principle Approval to JPMorgan for New Pune Branch After Nearly a Decade

- **JPMorgan Chase & Co.** has received **in-principle approval** from the **Reserve Bank of India (RBI)** to open a **new branch in Pune**, marking its **first branch expansion in India in nearly a decade**.
- The **Pune branch** will be **JPMorgan's fourth branch in India** and will primarily cater to **corporate clients**.
- The new branch will provide a **full range of banking services**, including **transaction banking and term lending**.
- **JPMorgan** last received approval to open branches in India in **2016**, when it was permitted to set up **three branches**.
- **JPMorgan Chase & Co.** is an **American multinational banking and financial services institution**.
- The bank is **headquartered in New York City** and **incorporated in Delaware, USA**.
- As of **2025**, **JPMorgan Chase & Co.** is the **largest bank in the United States** and the **world's largest bank by market capitalisation**.

Reserve Bank of India includes Mumbai-based Model Co-operative Bank in Second Schedule, confers Scheduled Bank status

- The **Reserve Bank of India (RBI)** has included **Mumbai-based Model Co-operative Bank Limited** in the **Second Schedule of the Reserve Bank of India Act, 1934**, granting it "**Scheduled Bank**" status.
- The RBI action was taken under **Section 42(6)(a)** and **Section 42(6)(c)** of the **RBI Act, 1934**.
- With this recognition, **Model Co-operative Bank** becomes the **fourth Urban Co-operative Bank (UCB)** to receive **scheduled status in the current financial year**.
- Earlier, the **RBI accorded scheduled status** to **Vishweshwara Sahakari Bank (Pune)**, **Deogiri Nagari Sahakari Bank (Aurangabad)**, and **Ahmednagar Merchants Co-operative Bank (Ahmednagar)**.

Key Highlights :

- The **Second Schedule of the RBI Act, 1934** officially lists banks recognised as **Scheduled Banks** in India.
- A bank must possess a **minimum paid-up capital of ₹5 lakh** and meet **RBI-prescribed eligibility norms** to qualify as a **Scheduled Bank**.
- **Scheduled Bank status** allows banks to **borrow from the RBI at the bank rate**, obtain **automatic clearinghouse membership**, and access **rediscounting facilities**.

Classification of Scheduled Banks

- **Scheduled Banks in India** are categorised into **Scheduled Commercial Banks (SCBs)** and **Scheduled Co-operative Banks**.
- Although **₹5 lakh paid-up capital** is the statutory minimum, the **RBI recommends ₹100 crore capital** for functioning as a **commercial bank**.

Regulatory Requirements for Scheduled Urban Co-operative Banks (UCBs)

- **Scheduled UCBs** must maintain an average daily **Cash Reserve Ratio (CRR)** of at least **5% of Net Demand and Time Liabilities (NDTL)** with the **RBI**, as mandated under **Section 42 of the RBI Act, 1934**.
- **Urban Co-operative Banks** are required to maintain a **Statutory Liquidity Ratio (SLR)** of **25% of NDTL** in **cash, gold, or approved government securities**.

Revised RBI Norms for Scheduled UCBs (February 2024)

- In **February 2024**, the **RBI revised eligibility criteria** for inclusion of **UCBs in the Second Schedule**.
- **UCBs must maintain a CRAR** that is **3% higher than the minimum regulatory requirement** applicable to their tier.
- **Absence of major regulatory or supervisory concerns** is mandatory for a **UCB to obtain or retain scheduled status**.

Reserve Bank of India Releases 10th Edition of “Handbook of Statistics on Indian States 2024-25” for States and UTs

- The **Reserve Bank of India (RBI)** released the **10th edition** of the “**Handbook of Statistics on Indian States 2024-25**”, providing a **consolidated and comparable statistical database** for **States and Union Territories (UTs)**.
- The **Handbook was first published in 2016** and offers a **long-term socio-economic time series from 1951 onwards**.
- It is prepared by the **Regional Economy Monitoring Division (REMD)** of the **Department of Economic & Policy Research (DEPR)**, with inputs from **RBI Regional Offices**.

Key Highlights :

- The publication draws data from **State government submissions, RBI surveys, and third-party agencies**, ensuring **data reliability and comprehensiveness**.
- The Handbook covers **1951 to 2024-25**, enabling analysis of **trends, structural changes, and regional disparities**, following a “**one indicator-one table**” approach.
- It provides detailed data on **socio-demographics & health, State Domestic Product (SDP), agriculture & environment, prices & wages, industry & infrastructure, banking & fiscal indicators, social security & pensions, tourism, and exports**.
- **Outdated data series** with old base years (e.g., **2004-05 SDP**) have been **phased out** and replaced with the **2011-12 base year series** to improve **accuracy and relevance**.
- A major enhancement in this edition is the **introduction of a new External Sector section** along with **11 new state-wise statistical tables**.

Coverage of New Tables:

1. State-wise Domestic Tourist Visits
2. Net State Value Added (Current Prices)
3. Net State Value Added (Constant Prices)

4. State-wise Status of Groundwater Extraction in India
5. State-wise Revenue Expenditure
6. State-wise Capital Receipts
7. Market Borrowings of State Governments
8. State-wise Gender-wise Subscribers of National Pension System (NPS) – All Citizens
9. State-wise Gender-wise Enrolments under Atal Pension Yojana (APY)
10. State-wise Exports
11. State-wise Foreign Tourist Visits.



About RBI :

- **Established : 1st April, 1935**
- **Headquarters : Mumbai, Maharashtra**
- **Governor : Sanjay Malhotra**

Reserve Bank of India Imposes Restrictions on Gauhati Cooperative Urban Bank Over Weak Financial Health

- The **Reserve Bank of India (RBI)** has imposed restrictions on **The Gauhati Cooperative Urban Bank** due to its **weak financial and liquidity position**.
- Under **RBI directions**, customers can withdraw a **maximum of ₹35,000** from their accounts during the restriction period.
- The restrictions came into force after **business hours on Tuesday (December 17, 2025)** and will remain valid for **six months**, subject to review.
- The bank is **prohibited** from **granting or renewing loans, making investments, incurring liabilities, or making payments** without **prior RBI approval**.
- **Depositors are protected** under deposit insurance, and **eligible customers** can claim up to **₹5 lakh** from the **Deposit Insurance and Credit Guarantee Corporation (DICGC)**.
- **The Gauhati Cooperative Urban Bank Ltd** was established in **1965**.

Reserve Bank of India Grants Payment Aggregator Approval to Paytm Payments Services for Offline and Cross-Border Transactions

- The **Reserve Bank of India (RBI)** authorized **Paytm Payments Services Limited (PPSL)**, a wholly-owned subsidiary of **One 97 Communications Limited**, to operate as a **Payment Aggregator (PA)** for **offline (physical) payments** and **cross-border transactions**.
- The authorization allows **PPSL** to facilitate **physical merchant transactions** through **Point-of-Sale (PoS) devices**, such as **Card Machines** and **Soundboxes**.

Key Highlights :

- **PPSL** is also permitted to aggregate **inward and outward cross-border payments** in strict compliance with the **Foreign Exchange Management Act (FEMA), 1999**.
- With this approval, **PPSL** now holds a **comprehensive Payment Aggregator licence** covering **online, offline, and cross-border** payment segments.

- The expanded licence enables **end-to-end payment services** for merchants across both **domestic and international markets**, removing the need for third-party rails.
- **Compliance conditions** require PPSL to commence its **cross-border operations** within **six months** of the authorization date.
- PPSL must adhere to strictly prescribed **transaction limits** (such as the **₹25 lakh cap** for certain cross-border payouts), **net worth requirements** (minimum **₹15 crore**, rising to **₹25 crore**), and **regulatory reporting norms**.
- A critical security mandate requires that any **unusual or adverse incidents** must be reported to the **RBI within six hours**.
- The authorization supports **Paytm's domestic and global expansion**, enables **direct control over merchant infrastructure**, and significantly **reduces dependence on third-party payment aggregators**, which is expected to improve **operating margins**.

Reserve Bank of India Imposes Regulatory Curbs on Two Urban Cooperative Banks Amid Financial Stress

- Reserve Bank of India (RBI) imposed regulatory restrictions on two Urban Cooperative Banks (UCBs) — **The Gauhati Cooperative Urban Bank Limited (Assam)** and **The Valsad Mahila Nagrik Sahakari Bank Limited (Gujarat)** — due to **weak financial position, liquidity stress, and unresolved supervisory concerns**.
- The restrictions were issued as **'Directions' under the Banking Regulation (BR) Act, 1949** and will remain in force for **six months**, subject to **review by RBI**.
- Under the **common restrictions**, the banks are **barred from granting or renewing loans, making investments, incurring liabilities, accepting fresh deposits, disbursing payments, disposing of assets, or entering into compromises without prior RBI approval**.

Key Highlights :

- For **depositor protection**, **eligible depositors are insured up to Rs. 5 lakh** by the **Deposit Insurance and Credit Guarantee Corporation (DICGC)** under the **DICGC Act, 1961**.
- For **The Gauhati Cooperative Urban Bank Limited**, the **Directions became effective from the close of business on 17 December 2025**.
- Depositors of **Gauhati Cooperative Urban Bank** are allowed to **withdraw up to Rs. 35,000 across all deposit accounts**, with the bank permitted to **adjust outstanding loans against deposits**.
- The RBI imposed restrictions on **Gauhati Cooperative Urban Bank** due to its **weak liquidity position and failure to implement effective corrective measures despite engagement with the Board and senior management**.
- For **The Valsad Mahila Nagrik Sahakari Bank Limited**, the **Directions became effective from the close of business on 18 December 2025**.
- **No withdrawals are permitted** from any deposit accounts of **Valsad Mahila Nagrik Sahakari Bank**, while the bank may **adjust outstanding loans against deposits subject to RBI conditions**.
- The RBI imposed restrictions on **Valsad Mahila Nagrik Sahakari Bank** due to **recent adverse developments, persistent supervisory concerns, and failure to address regulatory issues and safeguard depositor interests**.

About Deposit Insurance and Credit Guarantee Corporation (DICGC) :

- **Established : 1978.**
- **Headquarters : Mumbai, Maharashtra**
- **Chairman : Swaminathan J (Deputy Governor of RBI).**
- It is a **wholly owned subsidiary of RBI**, operating under the **Ministry of Finance (MoF)**.
- **All commercial banks (including foreign bank branches), local area banks, regional rural banks, and state, central and primary cooperative banks** are insured by DICGC, while **primary cooperative societies** are excluded.
- **Savings, fixed, current, and recurring deposits** are covered under DICGC insurance.
- **Excluded deposits** include those of **foreign governments, central and state governments, inter-bank deposits, deposits of State Land Development Banks with State cooperative banks, deposits received outside India**, and any amount **exempted by DICGC with RBI approval**.

Reserve Bank of India Data Shows Sharp Post-Covid Surge in Unsecured Personal Loans

- **Personal loans**, largely **unsecured** and used mainly for **consumption purposes**, have seen **rapid growth since the Covid period**, as per analysis of data from the **Reserve Bank of India's (RBI) Handbook of Statistics on Indian States**.
- In FY25, **Tamil Nadu** recorded the **highest year-on-year growth of 18.5%** in personal loans among large states.
- **Bihar** registered **15.5% YoY growth**, followed by **Uttar Pradesh with 15% growth**, indicating **strong retail credit expansion**.
- **Andhra Pradesh-Telangana, Haryana, and Rajasthan** have shown **strong long-term growth in personal loans**, driven by **urbanisation, growth in salaried employment, and improved access to formal credit**.
- **Maharashtra** leads in **absolute terms**, accounting for **nearly 20%** of India's total outstanding **personal loan liabilities** at the end of FY25.

Reserve Bank of India Imposes ₹61.95 Lakh Penalty on Kotak Mahindra Bank

- **Reserve Bank of India (RBI)** imposed a **monetary penalty of ₹61.95 lakh** on **Kotak Mahindra Bank Limited**.
- The penalty was imposed for **non-compliance with RBI guidelines** on **Basic Savings Bank Deposit Accounts (BSBDA), Business Correspondent (BC) activities, and Credit Information Companies (CIC) Rules, 2006**.
- **RBI found that Kotak Mahindra Bank** opened **multiple BSBDA accounts** for customers who **already held such accounts**, violating **regulatory norms**.
- The bank also **entered into arrangements with BCs** to undertake **activities beyond the permissible scope** under RBI directions.
- The penalty was imposed under the powers conferred by **Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act** and **Section 25(1)(iii) read with Section 23(4) of the Credit Information Companies (Regulation) Act, 2005**.

About Kotak Mahindra Bank:

- Founded: 2003
- Headquarters: Mumbai, Maharashtra, India
- Managing Director & CEO: Ashok Vaswani
- Tagline: Let's Make Money Simple

Reserve Bank of India Central Board Clears Risk-Based Deposit Insurance System for Banks

- The **Central Board of Directors (BoD)** of the Reserve Bank of India (RBI) approved the introduction of a **risk-based deposit insurance premium framework** for banks, replacing the existing **flat-rate premium system** under the **Deposit Insurance and Credit Guarantee Corporation (DICGC)**
- The decision was taken at the **620th meeting of RBI's Central Board**, chaired by **RBI Governor Sanjay Malhotra**, held in **Hyderabad, Telangana**, on **19 December 2025**, and follows the Governor's **October 2025 Statement on Developmental and Regulatory Policies** highlighting limitations of the flat premium structure.

Key Highlights :

- Under the **existing deposit insurance structure**, the **DICGC**, established under the **DICGC Act, 1961**, has been operating since **1962**, with banks paying a **flat premium of 12 paise per ₹100 of assessable deposits**.
- The **new risk-based framework** will allow **financially sound banks with strong capital adequacy and better asset quality** to pay **lower insurance premiums**, while **weaker banks** may continue paying **12 paise** or face a **higher premium of up to 15 paise per ₹100 of deposits**.
- As per amendments to the **DICGC Act, 1961**, the **DICGC** is empowered to **increase the premium up to 15 paise per ₹100**, subject to **RBI approval**.
- At present, **deposit insurance coverage** is capped at **₹5 lakh per depositor per bank**, providing protection to the vast majority of small depositors.
- As of **March-end 2025**, **97.54% of insured bank accounts** were **fully protected**, while **insured deposits accounted for 41.52% of total assessable deposits**, indicating broad depositor coverage.
- The meeting was attended by **RBI Deputy Governors Rabi Sankar, Swaminathan J., Poonam Gupta, and Shirish Chandra Murmu**.
- The **RBI Central Board** also reviewed the **global and domestic economic situation**, examined the **activities of select Central Office Departments**, and discussed the **draft Report on Trend and Progress of Banking in India, 2024-25**, making the decision relevant for **banking, economy, and regulatory framework**

Reserve Bank of India Grants Final Payment Aggregator Licence to Mswipe Technologies

- **Mswipe Technologies Private Limited** received the **final Payment Aggregator (PA) licence** from the **Reserve Bank of India (RBI)**.
- The licence allows **Mswipe** to provide **both online and offline merchant payment acceptance** under a **single regulatory framework**.

- The **PA approval** authorises **onboarding of merchants** and aggregation of **multiple payment instruments** across **online, offline and hybrid platforms**.
- The licence enables **inward and outward cross-border transactions**, strengthening **international payment facilitation**.
- **Omnichannel payment acceptance** is supported through **e-commerce websites, mobile applications (apps)** and **physical storefronts**.
- **Mswipe Technologies** also holds an **in-principle Prepaid Payment Instrument (PPI) licence** and a **Non-Banking Financial Company (NBFC) licence**, obtained in **2022**.
- With this approval, **Mswipe** joins a select group of **fully authorised Payment Aggregators** including **Paytm, Razorpay, Pine Labs, Easebuzz, PayU and Airpay**.

Reserve Bank of India Postpones Phase-2 Rollout of Faster Cheque Clearance System

- **Reserve Bank of India (RBI)** has **deferred Phase-2** of the **faster cheque clearance system**, earlier scheduled for **January 3, 2026**, to allow banks additional time for **operational readiness** and to streamline their backend processes.
- **Phase-1**, implemented from **October 4, 2025**, introduced **continuous daytime cheque processing**, which successfully replaced the decades-old **batch-based clearing system** (where cheques were cleared only once or twice a day).
- The **Phase-2 requirement of approving or rejecting cheques within 3 hours** of receipt (T+3 hours) has been **postponed until further notice** due to technical teething issues observed in some banks during Phase-1.
- Despite the delay of Phase-2, **cheque clearance remains significantly faster** than before, with **Phase-1 enabling settlement within a few hours** of presentation instead of the earlier **1-2 business days**.
- **Revised RBI cheque processing timings** (as per the Dec 24, 2025 circular):
- **Cheque presentation window: 9:00 AM to 3:00 PM.**
- **Confirmation/Rejection window: 9:00 AM to 7:00 PM.**
- Under the **Cheque Truncation System (CTS)**, cheque processing across India is consolidated into **three grids - Chennai, Mumbai, and New Delhi**, each serving banks and branches within its specific geographical jurisdiction.

Reserve Bank of India Highlights Strong Balance Sheets and Profitability of Banks in FY25

- According to the **Reserve Bank of India (RBI)**, **commercial banks** showed **robust performance** in **FY25**, supported by **strong balance sheets, sustained profitability, and improved asset quality**.
- The **Gross Non-Performing Assets (GNPA) ratio** declined to a **multi-decadal low of 2.2%** as of **March 2025**, and further improved to **2.1% by end-September 2025**, indicating **strengthening asset quality**.
- The **combined net profit of scheduled commercial banks (SCBs)** rose by **14.8% year-on-year** to **₹4.01 lakh crore** in **FY25**, although growth slowed compared to **32.8% in FY24**.
- **Profitability remained strong**, with **Return on Assets (RoA) at 1.4%** and **Return on Equity (RoE) at 13.5%** in **FY25**; during **H1 FY26**, RoA and RoE stood at **1.3%** and **12.5%** respectively.

- **Capital and liquidity buffers** of banks remained well above **regulatory requirements**, with **Capital-to-Risk Weighted Assets Ratio (CRAR)** at **17.4% in March 2025** and **17.2% in September 2025**.
- **Bank credit and deposit growth** continued in **double digits**, though at a **moderated pace**, reflecting **resilience in lending activity** amid **prudent regulation**.
- The **RBI report** also highlighted the performance of **co-operative banks and NBFCs**, noting **improved asset quality, strong capital buffers**, and continued **double-digit credit growth** across the **broader financial sector**.
- Overall, the report indicates a **stable and resilient banking sector**, supporting **sustainable economic growth** in India.

Reserve Bank of India Imposes ₹2.40 Lakh Penalty on Valuecorp Securities & Finance Limited

- The **Reserve Bank of India (RBI)** imposed a **monetary penalty of ₹2.40 lakh** on **Valuecorp Securities & Finance Limited**.
- The penalty was levied due to **non-compliance with RBI regulatory directions**.
- The violations related to **submission of data to Credit Information Companies (CICs)**, **transfer of loan exposure**, and **Know Your Customer (KYC) norms**.
- The **RBI exercised its powers** under the **Credit Information Companies (Regulation) Act, 2005** and the **Reserve Bank of India Act, 1934** to impose the penalty.
- The central bank found that **Valuecorp Securities & Finance Limited** failed to **furnish customer credit information to CICs** as required under regulations.
- The company was also found to have **transferred loan exposure to entities not permitted** under the applicable **RBI guidelines**.
- Further findings included a failure to **assign Unique Customer Identification Codes (UCICs)** and a failure to **carry out risk categorisation** of its customers.
- **Valuecorp Securities & Finance Limited** is an **Indian non-government public limited company**, **incorporated in 1991**, and **headquartered in Mumbai (Fort area)**.
- The company operates in the **securities and financial services sector**.

Reserve Bank of India Advises Microfinance Institutions to Monitor Stress in Loan Portfolios

- The **Reserve Bank of India (RBI)** has advised **microfinance institutions (MFIs)** to **closely monitor stress build-up** in their **loan portfolios** going forward.
- In its **Trend and Progress of Banking in India** report for **FY25**, the **RBI** noted a **decline in microfinance disbursements** in **southern states**, particularly due to **regulatory and industry measures** in **Karnataka and Tamil Nadu**.
- The **guardrails** were introduced by **self-regulatory organisations (SROs)** such as **Microfinance Institutions Network (MFIN)** and **Sa-Dhan**, focusing on **steady and calibrated growth** of the sector.
- As of **March 2025**, all lenders except **NBFCs (excluding NBFC-MFIs)** recorded a **contraction in microfinance credit**, reflecting **stress in the sector**.
- The **RBI's 2022 regulatory reforms for microfinance**—including **removal of interest rate caps** and **introduction of standardised rules**—laid the foundation for **systemic and sustainable growth**.
- These reforms aim to support **financial inclusion** and promote **social equity** through a **robust and regulated microfinance sector**.

Reserve Bank of India Report: ATM Count Falls in FY25 Amid Growing Digital Payments

- According to the **Reserve Bank of India (RBI)**, the **total number of ATMs in India** declined as **digital payments** reduced the **need for cash withdrawals**.
- The **overall number of ATMs** fell to **2,51,057** as of **31 March 2025**, down from **2,53,417** a year earlier, mainly due to **network rationalisation by banks**.
- **Private sector banks** led the decline, with their **ATM count reducing to 77,117** from **79,884**, while **public sector banks' ATMs** fell to **1,33,544** from **1,34,694**, largely due to **closure of offsite ATMs**.
- In contrast, **white label ATMs** (operated by **non-banks**) increased to **36,216** from **34,602**, indicating a growing role of **independent ATM operators**.
- **Public sector banks (PSBs)** maintained a **balanced spread of ATMs** across **rural, semi-urban, urban, and metropolitan areas**, whereas **private and foreign banks** remained concentrated in **urban and metro regions**.
- Despite fewer ATMs, **bank branches** increased by **2.8% to about 1.64 lakh**, driven largely by **PSBs**, with over **two-thirds of new PSB branches** opened in **rural and semi-urban areas**.
- On **deposit insurance**, **97.6% of accounts** were covered under the **₹5 lakh limit**, though the **insured deposit coverage ratio** fell slightly to **41.5%** from **43.1%** in **FY25**.
- Overall, the report highlights a **shift towards digital payments, rationalisation of ATM networks, and expansion of banking access** in rural and semi-urban India.

Reserve Bank of India Grants Non-Banking Financial Company Registration to Aryaman Finance (India) Limited

- **Aryaman Finance (India) Limited (AFIL)**, a **wholly owned subsidiary** of **Aryaman Financial Services Limited (AFSL)**, received a **Certificate of Registration (CoR)** from the **Reserve Bank of India (RBI)** to commence operations as a **Non-Banking Financial Company (NBFC)**.
- The **RBI** grants NBFC registration under **Section 45-IA of the Reserve Bank of India Act, 1934**, which governs regulation and supervision of NBFCs in India.
- Post approval, **AFIL** will operate as a **Type-II NBFC-ND-ICC (Non-Deposit Taking – Investment and Credit Company)**, meaning it is **not allowed to accept public deposits**.
- As an **NBFC-ND-ICC**, **AFIL** will primarily undertake **lending, investment, and allied financial services**, while complying with **RBI prudential norms and regulatory requirements**.

About AFSL :

- **Aryaman Financial Services Limited (AFSL)** is a **SEBI-registered Category-I Merchant Banker**, highlighting its strong regulatory standing in the capital markets.
- **AFSL's core business** includes **lead management and syndication of IPOs, FPOs, Rights Issues, Private Investment in Public Equity (PIPE), Venture Capital (VC) funding, and other fund-raising activities**.

