

MONETARY & CREDIT INFORMATION REVIEW



MCIR

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Note from the Editor

December 2025 marked a defining moment for India's macroeconomic and financial landscape, as reflected in the Governor's Monetary Policy Statement, the 620th Meeting of the Central Board, and continued engagement with bank leadership. A rare "Goldilocks" phase of robust growth and exceptionally low inflation enabled the Monetary Policy Committee to unanimously reduce the policy repo rate by 25 basis points to 5.25 per cent, while maintaining a neutral stance and augmenting durable liquidity through OMO purchases and a USD/INR swap. The Central Board deliberated on global and domestic challenges and approved key reforms, including a risk-based deposit insurance framework for banks.

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Brij Raj
Editor

I. Monetary Policy

Governor's Monetary Policy Statement on December 5, 2025

Governor Shri Sanjay Malhotra announced the Monetary Policy Statement on December 5, 2025. He observed that as 2025 concludes, the economy reflects on a year marked by significant developments amid global challenges, with satisfaction at the sustained robust growth and favorable inflation trajectory. The banking system further consolidated, while the regulatory framework was refined to strengthen the financial system, enhance ease of doing business, and improve consumer protection.

Governor Malhotra stated that since the October policy, the Indian economy has witnessed rapid disinflation, with inflation coming down to an unprecedentedly low level. For the first time since the adoption of flexible inflation targeting (FIT), average headline inflation for a quarter at 1.7 per cent in Q2:2025-26 breached the lower tolerance threshold (2 per cent) of the inflation target (4 per cent). It dipped further to a mere 0.3 per cent in October 2025. On the other hand, real GDP growth accelerated to 8.2 per cent in Q2, buoyed by strong spending during the festive season which was further facilitated by the rationalisation of the goods and services tax (GST) rates. Inflation at a benign 2.2 per cent and growth at 8.0 per cent in H1:2025-26 present a rare goldilocks period.

He informed that the Monetary Policy Committee (MPC) met on the 3rd, 4th and 5th of December to deliberate and decide on the policy repo rate. After a detailed assessment of the evolving macroeconomic conditions and the outlook, the MPC voted unanimously to reduce the policy repo rate by 25 basis points (bps) to 5.25 per cent with immediate effect. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) shall stand adjusted to 5.00 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 5.50 per cent. The MPC also decided to continue with the neutral stance. Moreover, in view of the evolving liquidity conditions and the outlook, the Reserve Bank has decided to conduct OMO purchases of government securities of ₹1,00,000 crore and a 3-year USD/INR Buy Sell swap of USD 5 billion this month to inject durable liquidity into the system.

Governor Malhotra highlighted that real gross domestic product (GDP) registered a six-quarter high growth of 8.2 per cent in Q2:2025-26, underpinned by resilient domestic demand amidst global trade and policy uncertainties. On the supply side, real gross value added (GVA) expanded by 8.1 per cent, aided by buoyant industrial and services sectors. High-frequency indicators suggest that domestic economic activity is holding up in Q3. GST rationalisation and festival-related spending supported domestic demand during October-November. Rural demand continues to be robust while urban demand is recovering steadily.

He observed that headline CPI inflation declined to an all-time low in October 2025. The faster than anticipated decline in inflation was led by correction in food prices. Core inflation remained largely contained in September-October, despite continued price pressures exerted by precious metals. Excluding gold, core inflation moderated to 2.6 per cent in October. CPI inflation for 2025-26 is now projected at 2.0 per cent with Q3 at 0.6 per cent and Q4 at 2.9 per cent. India's current account deficit moderated to 1.3 per cent of GDP in Q2:2025-26 on account of robust services exports and strong remittances.

Governor Malhotra stated that the system-level financial parameters related to capital adequacy, liquidity, asset quality and profitability of Scheduled Commercial Banks continue to remain robust. Bank credit growth has seen an uptick in recent months, supported by sustained lending to retail and service sector segments.

The Governor also announced that the Reserve Bank proposes to hold a two-month campaign from 1st January next year with an aim to resolve all grievances pending for more than a month with the RBI Ombudsman. In conclusion, the Governor stated that despite an unfavourable external environment, the Indian economy has shown remarkable resilience and is poised to register high growth. The headroom provided by the inflation outlook has allowed us to remain growth supportive. We will continue to meet the productive requirements of the economy in a proactive manner while ensuring macroeconomic stability. To read more, please click [here](#).

II. 620th Meeting of Central Board of the Reserve Bank of India

The 620th Meeting of the Central Board of Directors of Reserve Bank of India was held on December 19, 2025 in Hyderabad under the Chairmanship of Shri Sanjay Malhotra, Governor.

The Board discussed global and domestic economic situation and associated challenges. It approved the risk-based deposit insurance framework for banks. The Board also reviewed the activities of select Central Office Departments and the draft Report on Trend and Progress of Banking in India, 2024-25.

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

Minutes of MPC

The 58th Meeting of the Monetary Policy Committee, constituted under Section 45ZB of the Reserve Bank of India Act, 1934, was held during December 3 to 5, 2025.

Accordingly, under Section 45ZL of the Reserve Bank of India Act, 1934, the Reserve Bank published the minutes of the proceedings of the meeting on December 19, 2025, i.e., the fourteenth day after meeting of the MPC. The MPC reviewed in detail the staff's macroeconomic projections, and alternative scenarios around various risks to the outlook. The MPC also reviewed the surveys conducted by the Reserve Bank to gauge consumer confidence, households' inflation expectations, corporate sector performance, credit conditions, the outlook for the industrial, services and infrastructure sectors, and the projections of professional forecasters. To read more, please click [here](#).

III. Regulation

RBI releases 2025 list of Domestic Systemically Important Banks (D-SIBs)

The Reserve Bank on December 2, 2025 announced that State Bank of India, HDFC Bank and ICICI Bank continue to be identified as Domestic Systemically Important Banks (D-SIBs) under the same bucketing structure as in the 2024 list, based on data as on March 31, 2025, with the applicable additional Common Equity Tier 1 (CET1) requirements in addition to the Capital Conservation Buffer. Accordingly, State Bank of India remains in Bucket 4 with an additional CET1 requirement of 0.80 per cent of Risk Weighted Assets (RWAs), HDFC Bank in Bucket 2 with 0.40 per cent, and ICICI Bank in Bucket 1 with 0.20 per cent. The Reserve Bank had issued the '[Framework for dealing with Domestic Systemically Important Banks \(D-SIBs\)](#)' on July 22, 2014, which [was subsequently updated on December 28, 2023](#). The D-SIB framework requires the Reserve Bank to disclose the names of banks designated as D-SIBs starting from 2015 and place these banks in appropriate buckets depending upon their Systemic Importance Scores (SIS). Based on the bucket in which a D-SIB is placed, an additional CET1 requirement has to be applied to it. In case a foreign bank having branch presence in India is a [Global Systemically Important Bank \(G-SIB\)](#), it has to maintain additional CET1 capital surcharge in India as applicable to it as a G-SIB, proportionate to its Risk Weighted Assets (RWAs) in India, i.e., additional CET1 buffer prescribed by the home regulator (amount) multiplied by India RWA as per consolidated global Group books divided by total consolidated global Group RWA. To read more, please click [here](#).

RBI issues Amendment Directions to amend Responsible Business Conduct Directions, 2025

The Reserve Bank on December 4, 2025 issued seven Amendment Directions to amend the extant instructions on Basic Savings Bank Deposit (BSBD) accounts applicable to banks, following a review of public feedback received on the draft Reserve Bank of India (Basic Savings Bank Deposit Account) Directions, 2025. These amendments, applicable to banks aim to align BSBD accounts with the evolving digital banking needs of customers, enhance usage, improve customer service, and further strengthen financial inclusion by ensuring access to affordable and minimum banking facilities. To read more, please click [here](#).

RBI issues Amendment Directions to amend Credit Information Reporting Directions, 2025

The Reserve Bank on December 4, 2025 issued ten Amendment Directions to strengthen the credit information reporting framework, following incorporation of public feedback received on the draft Reserve Bank of India (Credit Information Reporting) (1st Amendment) Directions, 2025. The amendments mandate a transition to weekly incremental submission of credit information by CIs to CICs along with measures to facilitate faster data submission and error rectification. The objective of these Amendment Directions is to ensure more frequent, accurate and timely reporting of credit information by CIs to CICs, thereby improving the quality and recency of CIRs used in credit underwriting and monitoring. To read more, please click [here](#).

RBI issues Amendment Directions on Business Authorization for Co-operative Banks

The Reserve Bank on December 4, 2025 issued a set of Repeal and Amendment Directions to harmonise instructions relating to business authorisation for co-operative banks, following incorporation of stakeholder feedback on the draft Master Direction on Business Authorization for Co-operative Banks (Directions), 2025. These revisions strike a balanced approach, empowering co-operative banks with enhanced operational autonomy while embedding robust safeguards. The calibrated relaxation of authorization norms paves the way for cooperative banks to actively contribute to India's economic growth by expanding credit outreach, leveraging technology-driven solutions, and supporting localized development priorities. To read more, please click [here](#).

IV. Governor, Reserve Bank of India meets MD & CEOs of Public Sector Banks and Private Sector Banks

Governor Shri Sanjay Malhotra met the Managing Directors and Chief Executive Officers of Public Sector Banks and select Private Sector Banks in Mumbai on December 9, 2025, as part of the Reserve Bank's ongoing engagement with senior management of regulated entities. The meeting, attended by Deputy Governors and senior officials, reviewed the improving health and operations of the banking sector while underscoring the need for continued vigilance in a dynamic environment. The Governor noted that the cumulative 125 basis points easing and increased use of technology should lower intermediation costs, enhance efficiency, and support sustainable growth and financial inclusion. He emphasised the importance of improved customer service, reduction in grievances, stronger internal systems, and robust, intelligence-driven safeguards against digital frauds, while appreciating banks' efforts on re-KYC and unclaimed deposits and encouraging proactive outreach. He also reaffirmed the Reserve Bank's consultative approach, including recent initiatives on consolidation and simplification of regulations, and the participants shared their perspectives on various policy, supervisory and operational matters.

RBI issues Amendments to Gold Metal Loan (GML) Scheme

The Reserve Bank on December 4, 2025, issued Amendment Directions to update the regulatory framework governing Gold Metal Loans, after examining and incorporating stakeholder feedback received on the draft Reserve Bank of India (Gold Metal Loans) Directions, 2025. The draft Directions were aimed primarily to (i) consolidate the Gold Metal Loans (GML) related regulations; (ii) fill up certain regulatory gaps in prudential aspects; (iii) expand the scope of the GML Scheme; and (iv) provide more operational freedom to banks in framing their policy on GML. The feedback received on the above draft Direction has been examined and suitably incorporated while finalising the same. The objective of the Amendment Directions is to ensure a streamlined and harmonised set of regulations for domestic and exporter jewellers alike for an enhanced ease of doing business, as also to develop a supervisory MIS on Gold Metal Loans. To read more, please click [here](#).

RBI issues Amendment Directions for Repeal of Market Mechanism Framework

The Reserve Bank on December 4, 2025, issued Amendment Directions to repeal the extant 'Guidelines on Enhancing Credit Supply for Large Borrowers through Market Mechanism', following a review of stakeholder feedback on the draft Repeal Circular. The objective of these Amendment Directions is to recalibrate prudential requirements in the wake of strengthening of regulatory framework and supervisory oversight, and improvement in bank balance sheets. To read more, please click [here](#).

RBI issues Amendments to Large Exposures Framework (LEF) and Intragroup Transactions and Exposures

The Reserve Bank on December 4, 2025 issued the Reserve Bank of India (Commercial Banks – Concentration Risk Management) Amendment Directions, 2025, after incorporating stakeholder feedback on the two draft amendment circulars viz. (i) [Large Exposures Framework \(Amendment Circular\), 2025](#); and (ii) [Guidelines on Management of Intragroup Transactions and Exposures \(Amendment Circular\), 2025](#) seeking feedback from stakeholders. The amendment directions were aimed primarily at

rationalising certain extant provisions relating to treatment of exposures of foreign bank branches in India to their head office and other group entities. The objective of these Amendment Directions is to clarify regarding prudential treatment of exposures of foreign bank branches operating in India to their group entities, and certain methodological aspects relating to calculation of Large Exposures Framework and Intragroup Transactions and Exposures. To read more, please click [here](#).

RBI issues Amendment Directions for Reserve Bank of India (Undertaking of Financial Services) Directions, 2025

The Reserve Bank on December 5, 2025 issued a set of five Amendment Directions to update the regulatory framework governing the undertaking of financial services by regulated entities, after incorporating stakeholder feedback on the draft circular on 'Forms of Business and Prudential Regulation for Investments'. The objective was to review regulations on ringfencing of banks' core business from other risk bearing non-core businesses as also to provide a level playing field. To read more, please click [here](#).

RBI grants 'In-principle' Approval to Fino Payments Bank Limited for conversion into a Small Finance Bank

The Reserve Bank on December 5, 2025, granted 'in-principle' approval to Fino Payments Bank Limited (FPBL) for its conversion into a Small Finance Bank. RBI had issued the Guidelines for 'on tap' licensing of SFBs in the private sector. As per the guidelines, existing Payments Banks which are controlled by residents and have completed five years of operations are eligible for conversion into SFBs. The application of FPBL was assessed as per the procedure laid down in the guidelines. To read more, please click [here](#).

V. Financial Inclusion

National Strategy for Financial Inclusion (NSFI): 2025-30

The Reserve Bank on December 1, 2025, formally released the National Strategy for Financial Inclusion (NSFI): 2025-30, approved by the Sub-Committee of the Financial Stability and Development Council, which

emphasises a synergistic ecosystem approach to enhance last-mile access and effective usage of financial services. The Strategy sets out five strategic objectives (Panch-Jyoti) and 47 action points covering equitable and affordable financial services, gender-sensitive and differentiated inclusion strategies, linkage of livelihoods and skills with finance, promotion of financial discipline through education, and strengthening customer protection and grievance redressal, while seeking to consolidate the achievements under NSFI 2019-2024 and further advance financial inclusion through extensive stakeholder consultations. To read more, please click [here](#).

VI. Publication

RBI Bulletin – December 2025

The Reserve Bank released the December 2025 issue of its monthly Bulletin on December 22, 2025. The Bulletin includes bi-monthly monetary policy statement (December 2025), four speeches, four articles and current statistics.

The four speeches are:

- I. [Stablecoins - Do They Have a Role in the Financial System - Shri T Rabi Sankar](#)
- II. [Reading the Pitch: Banking Strategies for a Long Innings - Shri Swaminathan J](#)
- III. [Micro Matters, Macro Momentum: Microfinance for Viksит Bharat - Shri Swaminathan J](#)
- IV. [Timely and Topical Statistics for Agile Policy Making - Dr. Poonam Gupta](#)

The four articles are:

- I. [State of the Economy](#)
- II. [Government Finances 2025-26: A Half-Yearly Review](#)
- III. [Composite Leading Indicator for GVA - Manufacturing for India](#)
- IV. [Decoding Safe Asset Volatility Amid Geopolitical Risks Using Neural Networks](#)

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

RBI releases Annual Report of Ombudsman Scheme, 2024-25

The Reserve Bank released the Annual Report of the Ombudsman Scheme for the period April 1, 2024 to March 31, 2025 on December 1, 2025. The Annual Report covers the activities under the RB-IOS, 2021 as well as major developments during the year in consumer education and protection and the way forward. To read more, please click [here](#).

RBI releases "Handbook of Statistics on Indian States, 2024-25"

The Reserve Bank of India released the 10th edition of its statistical publication, "Handbook of Statistics on Indian States, 2024-25" on December 11, 2025. Through this publication, the Reserve Bank disseminates wide-ranging data on the regional economies of India. This publication provides sub-national statistics, among others, on socio-demographics, health, state domestic product, agriculture, environment, prices, wages, industry, infrastructure, banking, fiscal and exports across Indian states over long time series. To read more, please click [here](#).

Report on Trend and Progress of Banking in India 2024-25

The Reserve Bank on December 29, 2025 released the *Report on Trend and Progress of Banking in India 2024-25* under Section 36(2) of the Banking Regulation Act, 1949, highlighting the continued resilience of the banking sector, with scheduled commercial banks (SCBs) recording double-digit growth in deposits and credit, a capital to risk-weighted assets ratio of 17.4 per cent at end-March 2025 and 17.2 per cent at end-September 2025, and a further strengthening of asset quality as the GNPA ratio declined to a multi-decadal low of 2.2 per cent and 2.1 per cent, respectively; profitability remained robust with RoA and RoE at 1.4 per cent and 13.5 per cent in 2024-25 and 1.3 per cent and 12.5 per cent in H1:2025-26, while urban co-operative banks reported higher balance sheet growth, improved asset quality, stronger capital buffers and profitability, and non-banking financial companies continued to post double-digit credit growth supported by robust capital buffers and improved asset quality. To read more, please click [here](#).

RBI releases "Statistical Tables relating to Banks in India: 2024-25"

The Reserve Bank of India released its web publication titled '[Statistical Tables relating to Banks in India: 2024-25](#)' covering the activities of the Indian banking sector. The publication presents entity-wise information on major items of liabilities and assets along with their maturity profile; income and expenses; select financial ratios, number of employees and details of priority sector advances for scheduled commercial banks (excluding regional rural banks). In addition, capital to risk weighted asset ratios (CRARs), non-performing assets (NPAs), exposure to sensitive sectors, contingent liabilities and unclaimed deposits are included. State wise distribution of consolidated balance sheet of rural co-operative banks are also presented. To read more, please click [here](#).

VII. Data Release and Surveys

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

S/N	Title
1	Survey on Foreign Collaboration in Indian Industry: 2023-2025 – Data Release
2	Urban Consumer Confidence Survey
3	Households' Inflation Expectations Survey
4	Rural Consumer Confidence Survey
5	Survey of Professional Forecasters on Macroeconomic Indicators – Results of the 97th Round
6	Scheduled Banks' Statement of Position in India as on December 15, 2025
7	Overseas Direct Investment for November 2025