

## JULY

### **PART 1: Macro-Economic Update (Global + Domestic)**

- Global scenario highlights
- India's growth drivers
- Inflation snapshot (with trend comparison to 2023-24)
- External sector & forex status

### **PART 2: Monetary Policy & Liquidity Conditions**

- Surplus liquidity situation
- Monetary transmission commentary
- Comparison with previous policy bulletins

### **PART 3: RBI Digital & Financial Infrastructure Updates**

- UPI / AA / ULI / CBDC developments
- Grameen Credit Score, AA integration with GST
- Trend vs. earlier RBI Bulletins

### **PART 4: Climate & Green Finance (Only Facts)**

- Financing estimates
- India's readiness
- Trend comparison

### **PART 5: Banking Sector Updates & Governance**

- Cooperative banks reforms
- Umbrella Organisation
- Reporting frequency & data quality focus

## ===== PART 1: MACRO-ECONOMIC UPDATE (Global + Domestic) =====

### 🌐 Global Economic Environment (as per RBI Bulletin – July 2025)

- Global macroeconomic conditions remain volatile, mainly due to:
  - Geopolitical tensions (Iran-Israel conflict eased due to ceasefire in June 2025)
  - Trade tariff uncertainty from the US — new tariffs planned but implementation postponed to Aug 1, 2025, allowing some relief
  - Countries like Vietnam, Indonesia, Japan, Philippines secured trade deals with the US to avoid tariff hikes
- Manufacturing globally showed modest recovery after two months of contraction.
- Services sector growth remains strong worldwide.
- Key risks highlighted:
  - Weak consumer and business confidence
  - Uncertainty over US tariff policy outcomes
  - Sticky inflation in Advanced Economies, delaying monetary easing

→ Trend Note (vs Previous Bulletins 2023–24):

- Earlier Bulletins highlighted **inflation as the key global threat**.
- Now, **trade protectionism and geopolitical policy risks** are seen as bigger concerns than inflation alone.

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### ₹₹ Domestic Economy: Growth & Output Snapshot

Sector	Current Status (June–July 2025)	Trend Comparison
Agriculture (Kharif prospects)	Improving, good monsoon projections	Better than 2023 (rainfall deficit year)
Services Sector	Strong momentum, main driver of GDP	Consistently strong since 2023
Industrial Output	Modest growth, slight slowdown	Similar to mid-2024 levels
Government Capex	Front-loaded spending by Centre & States	Higher than 2024 pace

→ Key Observation:

Government capital expenditure is offsetting weak private investment, helping sustain growth momentum.

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### ↳ Inflation Analysis (Highly Exam-Relevant)

Indicator	Latest (June 2025)	Trend & Significance
CPI Headline Inflation	Below 4% for 5th straight month	Big shift — in 2023-24, CPI stayed above 5-6% consistently
Food Inflation	Entered Deflation Zone (vegetables, cereals, pulses declining)	Unusual — food rarely enters deflation in monsoon season
Core Inflation	Slight rise (due to gold & silver prices)	But remains benign excluding metals

→ Trend Note:

- 2023 & early 2024 Bulletins constantly warned about food inflation spikes (onions, tomatoes, pulses).
  - 2025 marks a reversal – food is now a deflationary force, helping RBI maintain stability.
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## ② External Sector & Forex Position

External Indicator	Status	Trend Interpretation
Trade Deficit (June 2025)	Narrowed (both oil & non-oil components declined)	Sign of moderating import bill
Foreign Exchange Reserves	High & Stable	Provides external shock protection
External Debt-to-GDP Ratio	Moderate / Comfortable	No major repayment stress flagged

→ Trend Note:

- Earlier Bulletins (2023-24) raised concerns about rupee pressure due to high oil prices.
- 2025 Bulletin indicates relief as oil price impact softened.

## ===== PART 2: MONETARY POLICY & LIQUIDITY CONDITIONS =====

### ② Liquidity Situation in the Banking System

- System Liquidity remains in surplus as per July 2025 Bulletin.
- RBI has deployed liquidity-augmenting measures to ensure:
  - o Orderly market conditions
  - o Faster monetary policy transmission (i.e., rate cuts passed to borrowers effectively)

Aspect	Current Status (2025)	Trend vs 2023-24
Liquidity Availability	Surplus (ample funds with In 2023, liquidity was neutral to tight banks)	In 2023, liquidity was neutral to tight due to inflation concerns
Transmission Efficiency	Improving — banks more willing to lend	Earlier, slow lending rate cuts despite repo rate easing

→ Trend Note:

- In 2023 Bulletins, RBI constantly focused on withdrawing excess liquidity to control inflation.
  - In 2025, the stance shifted back to liquidity support, indicating comfort with inflation levels.
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### ② Monetary Policy Tone (Implicit from Bulletin)

Although the Bulletin is not a Monetary Policy Statement, the *language used signals RBI's stance*:

Indicator	Implied Policy Tone	Phase 1 Takeaway
Inflation under 4%	Gives RBI room to stay accommodative	No immediate tightening expected
Liquidity Surplus	RBI not withdrawing liquidity aggressively	Supports credit growth
Government Capex Support	RBI comfortable supporting growth momentum	Pro-growth bias

→ Overall Signal: RBI maintaining a “Growth-Supportive with Inflation Caution” stance.

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### ③ Monetary Transmission Highlights

- Bank credit to some sectors has slowed, but MSME lending remains strong.
- Notably, credit to NBFCs from banks contracted (YoY) — but NBFCs compensated via bond markets (private placements).

Sector	Credit Trend	Implication
NBFCs	Bank credit contracted YoY	NBFCs using capital markets for funding
MSMEs	Strong credit flow continues	Government + RBI initiatives effective
Infrastructure	Declined	Private capex uncertainty remains

Sector	Credit Trend	Implication
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## Lending

→ Interpretation:

- Liquidity is not uniformly translating into bank lending, especially to large infrastructure projects.
- Retail + MSME segments are key growth drivers.

## ===== PART 3: DIGITAL FINANCIAL INFRASTRUCTURE & RBI INITIATIVES =====

This section is highly important for RBI Grade B Phase 1 GA, particularly for questions related to Digital India, Fintech Regulation, Financial Inclusion, and RBI Innovation Stack.

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### ⌚ Key Digital Infrastructure Pillars Highlighted in Bulletin (July 2025)

Initiative	Purpose	Current Status (2025)	Trend vs Previous Years
ULI – Unified Lending Interface	New digital public infrastructure for credit flow automation & consent-based data access	Proposed framework under development	Earlier bulletins discussed Account Aggregator, now ULI is presented as next step
Account Aggregator (AA) Framework	Facilitates secure data sharing across banks, NBFCs, insurers, GSTN	Adoption rising — HSN-based credit assessment via GST data introduced	2023-24 bulletins focused on adoption; 2025 → deeper integration with lending workflows
Programmable CBDC (Wholesale & Retail pilots)	Enables targeted lending with usage restrictions	Used in trials for Kisan Credit Card loan disbursals	Earlier CBDC pilots were transaction-focused, now moving towards programmable credit
Grameen Credit Score (under development)	Create data-based score for rural/Self Help Group borrowers	Being developed with CICs (Credit Information Companies)	Previously no standard rural scoring — new shift towards formalizing informal credit

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### 💡 Important Concepts Explained (for MCQ recall later)

Term	Meaning (Phase 1 Version)
ULI – Unified Lending Interface	Like UPI for Loans → Seamless borrower data transfer & lending decisioning
AA – Account Aggregator	Consent-based financial data sharing framework
Programmable CBDC	Digital rupee that can be restricted to certain uses (e.g., fertilizer-only use)
Grameen Credit Score	Credit score model for low-documentation rural borrowers

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### III. Digital Credit Distribution Pattern (Bulletin Reference)

- Small-ticket digital loans (< ₹1 lakh):  
47% disbursed by FinTechs, not traditional banks.
- Formal Credit Landscape Shift:  
From “Collateral-Based Lending” → “Data-Based Lending”

→ Trend Note:

- Earlier bulletins (2023–24) focused on UPI & Payments revolution.
  - 2025 Bulletin emphasis has pivoted from *Payments to Credit Infrastructure Maturity*.
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### 4 Consumer Protection & Data Reliability Measures

Regulatory Move by RBI	Purpose
Mandatory Internal Ombudsman (IO) in Credit Bureaus	Strengthen dispute resolution
Near Real-Time Credit Reporting vision	Move from fortnightly to “daily or instant” credit updates
Compensation Framework for CIC Errors	Ensures accountability for incorrect credit reporting

### ===== PART 4: CLIMATE & GREEN FINANCE (Factual + Trend Notes for Phase 1)

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This section is increasingly important for Phase 1 GA, as RBI and Government are pushing Green Finance, Climate Risk, and Sustainable Banking into mainstream policy discussions.

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### ▣ Global Climate Finance – Key Numerical Facts (As per RBI Bulletin July 2025)

Parameter	Value Mentioned	Exam-Relevant Note
<b>Annual Global Investment Required for Climate-Resilient Infrastructure (till 2050)</b>	USD 3 – 5 Trillion / Year	Common MCQ trap — <i>memorize this</i>
<b>Current Climate Finance Annual Gap</b>	USD 2.5 Trillion	Meaning: World is funding <i>less than half</i> of what is required
<b>Share of Global Investment Funds Aligned with Paris Climate Goals</b>	< 1.5%	Indicates global financing is still carbon-heavy, not green
<b>India's Green Finance Data Gap</b>	No standard taxonomy or MRV (Measurement, Reporting, Verification) in place yet	RBI acknowledges need for better classification & disclosure standards

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### ❖ Challenges Highlighted by RBI for Green/Sustainable Finance

Challenge	Meaning (Simple Words)	Trend vs Earlier Bulletins
Technology & Execution Risk	New green technology may fail or be untested	Earlier bulletins did not go into risk structure
Lack of Verification (MRV)	Hard to check if money is genuinely used for green purposes	First time RBI emphasized “data” as core to green finance
Higher Interest Rates on Green Loans	Green assets seen as “riskier”	Trend: RBI calling for policy incentives to reduce risk pricing
Long Gestation Periods	Green infra projects take years to deliver returns	Govt Capex support required

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### ❖ RBI's Recommended Solutions

Solution Type	Suggested Measures
Policy / Classification	Finalize Green Taxonomy (draft released by Govt)

Solution Type	Suggested Measures
Financing Model	Promote Blended Finance (Govt + Multilateral + Private pooling)
Credit Enhancement	Use First-Loss Guarantees to de-risk private investors
Tech Enablement	Use Digital MRV + Tokenisation + Fintech Integration to monitor fund usage

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→ Trend Note (Comparison with Past RBI Views)

Year	Focus Area in RBI Bulletins	Shift in 2025
2023	<i>Climate change seen mainly as “ESG compliance”</i>	Now seen as financial stability risk
2024	<i>Discussions on Green Bonds &amp; Disclosure</i>	2025 Bulletin pushes for deep infrastructure & data-based accountability

#### ===== PART 5: BANKING SECTOR & GOVERNANCE REFORMS =====

This section is crucial for Phase 1 General Awareness, especially for questions related to cooperative banks, governance standards, and supervisory reforms.

##### ② Governance in Cooperative Banks (UCBs) – Key Highlights

Focus Area	RBI's Current Stand (2025)	Trend vs Earlier Years
Governance Structure	Cooperative banks must adopt commercial bank-like governance practices	Earlier tolerance for UCBs as “community banks”; 2025 pushes for parity with scheduled banks
Board Independence	Need for fit & proper criteria and independent oversight	Governance standards tightened
Cybersecurity Preparedness	Mandated fraud risk monitoring + cybersecurity protocols	Newer regulatory thrust after increasing UCB cyber frauds

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##### ③ Umbrella Organisation (UO) for UCB Sector

Entity Name	Full Name	Purpose
NUCFDC	<i>National Urban Cooperative Finance and Development Corporation</i>	To act as an Umbrella Organisation (UO) providing shared capital support + common technology platform to UCBs

→ Why is this important?

Earlier UCBs operated fragmented, lacking capital and tech capabilities. The UO is meant to consolidate operational and IT resources, improving:

- Compliance standards
  - Cybersecurity
  - Emergency liquidity access
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### III. Credit Reporting & Data Quality Reforms

Initiative	Policy Detail	Relevance
Mandatory Internal Ombudsman (IO) in CICs	Each Credit Information Company (TransUnion, Experian, CIBIL, etc.) must have independent grievance redressal	Protects consumers from reporting errors
Compensation Framework for Data Errors	CICs must compensate for wrong credit data	Accountability increase
Near Real-Time Credit Reporting Vision	Current reporting is fortnightly → RBI wants daily / instant updates	To support risk-based lending

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### ▣ Financial Consumer Protection - Key Themes

Area	RBI Directive
Loan Recovery	Must be dignified & non-coercive
AI in Lending	RBI wants “explainable algorithms”, not black-box credit scoring
Data Privacy	Credit decisioning must ensure consent-based access only

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### ▣ Trend Note - How RBI's Approach Has Evolved (2023 → 2025)

Year	Regulatory Tone	2025 Difference
2023	<i>Stability-first, inflation control</i>	Liquidity-neutral to tight
2024	<i>Payments Infrastructure Growth</i>	UPI, AA scaling

Year	Regulatory Tone	2025 Difference
2025	<i>Governance + Credit Infrastructure Focus</i>	Surplus liquidity + data-driven supervision

☒ PART 5 Completed.

#### ☒ FINAL WRAP-UP SUMMARY (One-Line Takeaways for Each Part)

Part	Core Message
Macro-Economy	Inflation below 4% for 5 months → food deflation trend; trade deficit narrowed; growth led by services & govt capex
Monetary & Liquidity	RBI maintaining <i>growth-supportive stance</i> with surplus liquidity & better credit transmission
Digital Infrastructure	Moving from <i>payments revolution</i> to <i>credit infrastructure revolution</i> (ULI, AA, CBDC, Grameen Credit Score)
Climate Finance	Climate risk now treated as <i>financial risk</i> — not CSR; Requires \$3-5T/year global investment
Banking Governance	Cooperative banks pushed towards <i>commercial-like governance</i> & <i>cybersecurity discipline</i> ; NUCFDC as UO

## AUGUST

#### ===== PART 1: MONETARY POLICY & MPC DECISIONS (AUG 4-6, 2025) =====

- Policy decision (MPC): Repo rate kept unchanged at 5.50%; SDF = 5.25%, MSF & Bank Rate = 5.75%. MPC maintained a neutral stance.

#### RBI Bullitein August

- Rationale: Headline inflation lower than earlier projections (food-led moderation) but core inflation steady ~4%; growth broadly robust; uncertainty from evolving tariff announcements; awaiting further transmission of earlier rate cuts.

#### RBI Bullitein August

- **Inflation projection (FY 2025-26):** CPI projected at 3.1% for the year with Q2=2.1%, Q3=3.1%, Q4=4.4%; Q1 FY 2026-27 projected at 4.9%. Headline inflation in June was reported at 2.1% (77-month low).

#### RBI Bullitein August

- **Growth projection:** Real GDP for 2025-26 retained at 6.5% (quarterly path Q1-Q4: 6.5, 6.7, 6.6, 6.3); risks balanced.

#### RBI Bullitein August

- **Monetary strategy:** Continue to monitor incoming data; keep policy space for growth given benign inflation while being vigilant about upside risks to inflation from demand factors/food shocks.

#### RBI Bullitein August

**Key single-line facts (Phase-1 memory hooks):**

- **Repo = 5.50%; stance = Neutral.**

#### RBI Bullitein August

- **CPI Jun 2025 = 2.1%.**

#### RBI Bullitein August

- **GDP growth outlook FY26 = 6.5%.**

#### RBI Bullitein August

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### ===== PART 2: MACRO-ECONOMIC SNAPSHOT (STATE OF THE ECONOMY) =====

- **Overall picture:** Domestic growth resilient; rural consumption holding up, urban discretionary demand modest; government capex remains buoyant supporting demand.

#### RBI Bullitein August

- **Agriculture / monsoon:** Southwest monsoon progressing well; kharif sowing area +5.1% (as of Aug 1) and reservoir levels at ~69% of capacity (above decadal avg), supporting food availability.

#### RBI Bullitein August

- **Sectoral activity:** Services & construction resilient; manufacturing PMI high (manufacturing and services PMI elevated in July); mining & electricity showed some contraction.

#### RBI Bullitein August

- External sector: Current Account Deficit (2024-25) 0.6% of GDP; services exports strong; FX reserves as on Aug 1 ~ US\$ 688.9 billion (cover >11 months of imports).

#### RBI Bullitein August

- Capital flows: FDI gross inflows steady; some portfolio outflows in debt segment in Apr-Jul 2025; external commercial borrowing inflows up.

#### RBI Bullitein August

Quick table (top facts):

Indicator	August 2025 Bulletin — Key Value
GDP growth projection FY26	6.5%. RBI Bullitein August
June CPI (headline)	2.1%. RBI Bullitein August
Current account (2024-25)	0.6% of GDP. RBI Bullitein August
Forex reserves (Aug 1, 2025)	US\$ 688.9 bn. RBI Bullitein August

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#### ===== PART 3: LIQUIDITY, FINANCIAL MARKETS & TRANSMISSION =====

- Liquidity: System LAF position in surplus — average surplus ~₹3.0 lakh crore/day since last MPC; CRR cut staged from September expected to add further liquidity.

#### RBI Bullitein August

- Transmission: Since February 2025 policy easing (100 bps cumulative), WALR on fresh rupee loans down ~71 bps, deposit rates moderated (~87 bps on fresh deposits); money and bond markets showed improved transmission (3-month T-bill/G-sec yields down; 5 & 10 year yields softened).

#### RBI Bullitein August

- Operating framework review: Internal Working Group recommends continuation of WACR (weighted average call rate) as the operating target, and continued use of variable rate auctions across tenors for repo/reverse repo.

## RBI Bullitein August

- Financial stability metrics: SCBs well-capitalised (system CRAR ~17.44% in June 2025), GNPA low (system GNPA 2.24% in June 2025), NBFCs also sound with robust CRAR. Credit-deposit ratio ~78.9% (end June).

## RBI Bullitein August

### Practical Phase-1 bite-sized points:

- Liquidity surplus ~₹3.0 lakh crore/day average.

## RBI Bullitein August

- WACR recommended to remain operating target.

## RBI Bullitein August

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### ===== PART 4: DIGITAL FINANCE, CREDIT INFRASTRUCTURE & FINANCIAL INCLUSION =====

- ULI (Unified Lending Interface): Highlighted as part of DPI to streamline credit access / consented data sharing to lenders — aims to democratise credit, integrate alternative data (GSTN, e-KCC) and reach previously excluded segments.

## RBI Bullitein July

- Account Aggregator ecosystem: Strengthening data consent framework; integration with lending workflows emphasized.

## RBI Bullitein July

- Programmable CBDC uses: Pilots for targeted disbursement (e.g., tenant farmer KCC lending) — programmable CBDC can ensure end-use monitoring and create digital footprints to enable future credit.

## RBI Bullitein July

- Grameen Credit Score: Initiative referenced for improving rural/Self-Help Group credit assessment — part of broader financial inclusion push.

## RBI Bullitein July

- FinTech / OCEN / Tokenisation / AI: Emphasis on OCEN, tokenisation and AI/ML to enable alternate-data based lending, expand MSME access and reduce intermediation costs.

## RBI Bullitein July

### Phase-1 ready points:

- ULI = digital public infrastructure for lending (consented, standardised borrower data).

#### RBI Bullitein July

- Programmable CBDC pilot for end-use monitored loan disbursements (KCC pilot).

#### RBI Bullitein July

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### ===== PART 5: SECTORAL THEMES & SPECIAL ARTICLES (PHASE-1 RELEVANT FACTS)

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- Private Corporate Investment article: Bulletin contains a detailed study on corporate investment trends in 2024-25 and outlook for 2025-26 — key takeaway: corporate capex recovery conditional on demand revival & corporate balance-sheet health. (Article located in Bulletin — use for deeper reading if needed).

#### RBI Bullitein August

- Equity Mutual Funds: Article on mutual funds transforming savings — relevant for GA questions on domestic savings shift and market intermediation.

#### RBI Bullitein August

- EV Two-Wheeler adoption study: Evidence from Indian states on policy impact for EV uptake (useful for current affairs style GA items on EV policy).

#### RBI Bullitein August

- Horticultural Diversification: Article on agricultural resilience via horticulture — links to food price movements and supply-side measures (relevant to inflation dynamics and food price moderation).

#### RBI Bullitein August

Phase-1 pointers: these articles provide fact clusters (e.g., policy drivers for EV adoption, mutual fund AUM trends, corporate capex drivers) — useful for short GA answer lines.

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### ===== PART 6: BANKING REGULATION, CONSUMER PROTECTION & UCBs =====

- Regulatory / Developmental measures (Statement): Standardisation of procedures for settlement of claims (deceased account holders), auto-bidding in Retail Direct for T-bills, other consumer-centric measures announced.

#### RBI Bullitein August

- **UCBs & NUCFDC (Umbrella Organisation):** Emphasis on strengthening UCB governance, technology & liquidity support via NUCFDC; focus on board quality, cybersecurity, and capacity building.

#### RBI Bullitein July

- **Consumer protection:** RBI to review Internal Ombudsman frameworks and standardise compensation/settlement processes; push for more customer-centric regulations and KPIs for customer satisfaction.

#### RBI Bullitein August

- **PSL, Basel III roadmap & regulatory review:** RBI flagged regulatory review cell and intention to implement Basel III (market, credit & op risk) from 01-04-2027 with draft guidelines forthcoming.

#### RBI Bullitein July

**Phase-1 lines to remember:**

- **Retail Direct auto-bidding for T-bills introduced.**

#### RBI Bullitein August

- **RBI setting up Regulatory Review Cell; Basel III implementation planned from Apr 1, 2027 (drafts to follow).**

#### RBI Bullitein July

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#### ===== FINAL CONCISE TAKEAWAYS (Phase-1 READY) =====

- **MPC (Aug 4–6, 2025): Repo 5.50%, stance neutral; headline inflation benign (June 2.1%) but core ~4% — watch for rise toward Q4.**

#### RBI Bullitein August

#### RBI Bullitein August

- **Growth outlook retained at 6.5% for FY26; monsoon supportive and government capex remains a key demand pillar.**

#### RBI Bullitein August

- **Liquidity: sustained surplus (~₹3.0 lakh crore/day); WACR continues as operating target recommendation.**

#### RBI Bullitein August

- **Digital/Credit infrastructure: ULI, AA, OCEN, programmable CBDC & Grameen Credit Score are priority items to expand credit access and inclusion.**

#### RBI Bullitein July

### **RBI Bullitein July**

- **Banking regulation: focus on consumer protection, UCB governance via NUCFDC, and planned Basel III rollouts / regulatory reviews.**

