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RBI Bulletin – September 2025

Today, the Reserve Bank released the [September 2025](#) issue of its monthly Bulletin. The Bulletin includes one speech, seven articles and current statistics.

The seven articles are: I. State of the Economy; II. Flow of Financial Resources to Commercial Sector in India during 2024-25; III. The Untold Story of FinTech Customers' Experience; IV. Review of Performance of the NBFC Sector; V. Impact of UPI on Cash Demand – Evidence from National and Subnational Levels; VI. Is Consumption Inequality Declining? – What the 2022-23 NSSO Survey Tells Us; and VII. Infrastructure - An Engine of India's Growth Express.

I. State of the Economy

Global uncertainty remained elevated in the wake of imposition of US trade tariffs on major trading partners and renewed concerns over fiscal health of advanced economies. The Indian economy exhibited marked resilience as evident from the five-quarter high growth during Q1:2025-26, propelled by domestic drivers. The landmark GST reforms should progressively result in a sustained positive impact through significant gains in ease of doing business, lower retail prices and strengthening of consumption growth drivers. CPI headline inflation edged up but remained well below the target rate for the seventh consecutive month. System liquidity remained in surplus facilitating the pass through of policy rate cuts. Indian equity markets witnessed bidirectional movements during August-September. India's current account deficit moderated in Q1 over last year, supported by robust services exports and strong remittances receipts.

II. Flow of Financial Resources to Commercial Sector in India during 2024-25

By Amit Pawar, Abhinandan Borad, Pawan Kumar, John V. Guria and Vishal Raina

The article analyses the total flow of financial resources to the commercial sector in India during 2024-25 *vis-à-vis* 2023-24, covering both banks and non-bank (including domestic and foreign) sources of funding.

Highlights:

- During 2024-25, the flow of non-food bank credit moderated, however, an increase in funding from non-bank sources more than offset the moderation in the flow of bank credit, resulting in an increase in total flow of financial resources to the commercial sector in India.

- The moderation in flow of non-food bank credit during 2024-25 was mainly due to a slowdown in credit to segments whose risk weights were increased by the Reserve Bank in November 2023 to restrict unsecured lending aimed at strengthening financial stability.
- The increase in funding from non-bank sources during 2024-25 was largely driven by equity issuances, credit by Non-Banking Financial Companies (NBFCs), and short-term external credit. Equity issuances increased amidst buoyancy in the domestic secondary market, while short-term external credit rose reflecting a rebound in merchandise imports.
- Overall, the outstanding credit from banks and non-bank sources as per cent to GDP increased at end-March 2025 from its level a year ago.

III. The Untold Story of FinTech Customers' Experience

By Ashish Khobragade, Sakshi Awasthy, Mantisha and Rakhe Balachandran

Based on an analysis of around 5.69 million FinTech app reviews, this study reveals key customer concerns and review sentiments, along with their determinants in India's FinTech ecosystem.

Highlights:

- User experience is generally positive, with emotions like trust and joy dominating across FinTech business segments.
- Major customer concerns across segments relate to customer support and service, app functionality and technical issues, and loan related issues in application and approval, credit limit and credit score.
- Market share, major app updates and data privacy policies of the apps significantly drive the positive user experience in India's FinTech ecosystem.

IV. Review of Performance of the NBFC Sector

By Abhyuday Harsh, Pallavi Pant, Nandini Jayakumar, Rajnish Kumar Chandra and, Brijesh P

This article contextualises India's non-banking sector in the global context and evaluates the performance of non-banking financial companies (NBFCs) up to Q3 of 2024-25, utilising supervisory returns. Given the rising prominence of NBFCs in credit intermediation in the Indian economy, the article also makes an empirical assessment of monetary policy transmission to NBFCs' borrowing and lending rates.

Highlights:

- The increasing role of NBFCs in credit provision, especially to the industrial and retail sectors, is clearly reflected in their rising credit-to-GDP ratio.
- At end-December 2024, the financial health of the sector remained strong, as reflected in key indicators such as return on assets, capital to risk-weighted assets, and non-performing assets.
- The empirical analysis shows that there is transmission of monetary policy impulses to NBFCs' borrowing and lending rates, *albeit*, incomplete.

V. Impact of UPI on Cash Demand – Evidence from National and Subnational Levels

By Sakshi Awasthy and Subrat Kumar Seet

While the broader shift to digital payments is well-established, regional adoption of the Unified Payments Interface (UPI) and its impact on cash demand remain underexplored. This article examines the impact of UPI on cash demand at both national and sub-national levels.

Highlights:

- India's payment landscape is undergoing a structural shift, evident from currency growth moderating from pandemic levels and sustained UPI expansion with narrowing ticket sizes. At the state level, however, preference between cash and UPI varies across regions.
- Empirical results show that higher UPI adoption is associated with lower cash demand at both national and sub-national levels, with state-level patterns suggesting non-linearity.
- Among other state-wise factors, income and ATM density are positively associated with cash demand, whereas workforce formalisation and educational attainment are linked to lower cash reliance.

VI. Is Consumption Inequality Declining? – What the 2022-23 NSSO Survey Tells Us

By Kaustubh, Satadru Das, Pawan Gopalakrishnan, and Debojyoti Mazumder

This article estimates trends in household consumption inequality across various dimensions based on the Household Consumption Expenditure Survey (HCES) of 2022–23 and its comparison with HCES 2011-12.

Highlights:

- Household consumption inequality has declined across expenditure classes and between the rural and urban areas.
- There is strong evidence of convergence in real per capita consumption expenditure across states, with poorer states, on-average, showing faster growth than their richer counterparts in both urban and rural areas.
- An updated Rangarajan poverty line based on 2022-23 price levels reveals a significant reduction in poverty incidence across states.

VII. Infrastructure - An Engine of India's Growth Express

By Ashutosh Raravikar and Abhishek Ranjan

In the context of India's policy thrust on development of infrastructure, this study analyses the relationship between infrastructure and economic growth and discusses options and strategies for financing infrastructure.

Highlights:

- Over the last decade, India focused on development of physical, social and digital infrastructure with an integrated and inclusive approach.
- By creating indices of infrastructure using different methods, the study finds that infrastructure has positively and significantly impacted GDP growth in India.
- Going forward, the broad-based expansion in infrastructure based on macroeconomic assessment of infrastructure gaps and developing suitable financing avenues and strategies would take the growth story further ahead.

The views expressed in the Bulletin articles are of the authors and do not represent the views of the Reserve Bank of India.

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