



# RBI to Launch Unified Lending Interface

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## Why in News?

The [Reserve Bank of India \(RBI\)](#) plans to launch the [Unified Lending Interface \(ULI\)](#) at **national level** to transform **India's lending sector**. The ULI was launched as a **pilot project** by the RBI in **2023**.

## What is Unified Lending Interface (ULI)?

- **About:** ULI is a **digital platform** that is expected to make the **lending process easy**.
  - It would enable **friction-less credit** while delivering banking services to **farmers** and [MSME borrowers](#).
- **Key Features of ULI:**
  - **Consent-Based Digital Access:** ULI will provide lenders with **digital access** to both **financial and non-financial data** of customers, including [land records](#), through a consent-based system.
  - **Common and Standardised APIs:** ULI will feature standardised **Application Programming Interface (APIs)** that allow for a ['plug and play' approach](#), simplifying data access and reducing technical integration complexity.
    - The **'plug and play'** concept refers to **ready-made facilities** with essential infrastructure like power, network etc allowing industries to start operations immediately.
- **Potential Benefits:**
  - **Frictionless Credit:** ULI aims to facilitate a **smoother lending experience** by minimising paperwork, particularly for **smaller and rural borrowers**.
  - **Reduced Appraisal Time:** By consolidating data from various sources, ULI will **minimise the time required** for credit evaluation.
  - **Centralised Data Access:** The platform will **consolidate** financial and non-financial data from multiple sources, making it easily accessible to lenders.
  - **Focus on Agriculture and MSMEs:** ULI is expected to address the large **unmet demand for credit** in sectors such as agriculture and [Micro, Small, and Medium Enterprises \(MSMEs\)](#).
- **Relation to Other Digital Initiatives:**
  - **JAM-UPI-ULI:** ULI will be part of the **'new trinity'** of JAM (**Jan Dhan, Aadhaar, and Mobile**), [UPI](#), and [ULI](#), representing a significant advancement in India's digital infrastructure.
  - **Digital Infrastructure:** The integration of these systems aims to cater to the large unmet demand for credit and enhance [financial inclusion](#).

## What are the Other Platforms that Facilitate Lending in india?

- **Public Credit Registry (PCR):** [PCR](#) is a central database that stores **comprehensive credit information** of borrowers to help lenders assess creditworthiness and reduce information asymmetry in the credit market.
- **Account Aggregator (AA) Framework:** [AA Framework](#) is a consent-based **RBI-regulated platform** that enables customers to share their **financial information** across institutions,

streamlining access for lenders and facilitating quicker, informed lending decisions.

- **Credit Information Companies (CICs):** Companies like **CIBIL, Equifax, Experian** etc collect and maintain **credit information** of individuals and businesses.
- **Trade Receivables Discounting System (TReDS):** **TReDS** is an electronic platform that allows **MSMEs** to auction their **trade receivables** at competitive rates.
- **Peer-to-Peer (P2P) Lending Platforms:** Online platforms like **Faircent and Lendbox** allow individuals to lend and borrow money directly from each other.

## UPSC Civil Services Examination Previous Year Question (PYQ)

### Prelims

**Q. Which of the following phrases defines the nature of the 'Hundi' generally referred to in the sources of the post-Harsha period? (2020)**

- (a) An advisory issued by the king to his subordinates
- (b) A diary to be maintained for daily accounts
- (c) A bill of exchange
- (d) An order from the feudal lord to his subordinates

**Ans: (c)**

**Q. Consider the following statements: (2020)**

1. In terms of short-term credit delivery to the agriculture sector, District Central Cooperative
2. Banks (DCCBs) deliver more credit in comparison to Scheduled Commercial Banks and Regional Rural Banks.
3. One of the most important functions of DCCBs is to provide funds to the Primary Agricultural Credit Societies.

**Which of the statements given above is/are correct?**

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (b)**