

Understanding the pulse of our economy starts with the basics.

I recently revisited the fundamental structure of the Indian Banking System, and this structured breakdown by the RBI truly highlights the complexity and strength of our financial framework.

From the role of the central bank to the specific functions of our commercial and rural banking sectors, it's a great reminder of how these institutions drive growth.



Always a good practice to keep the fundamentals top of mind!



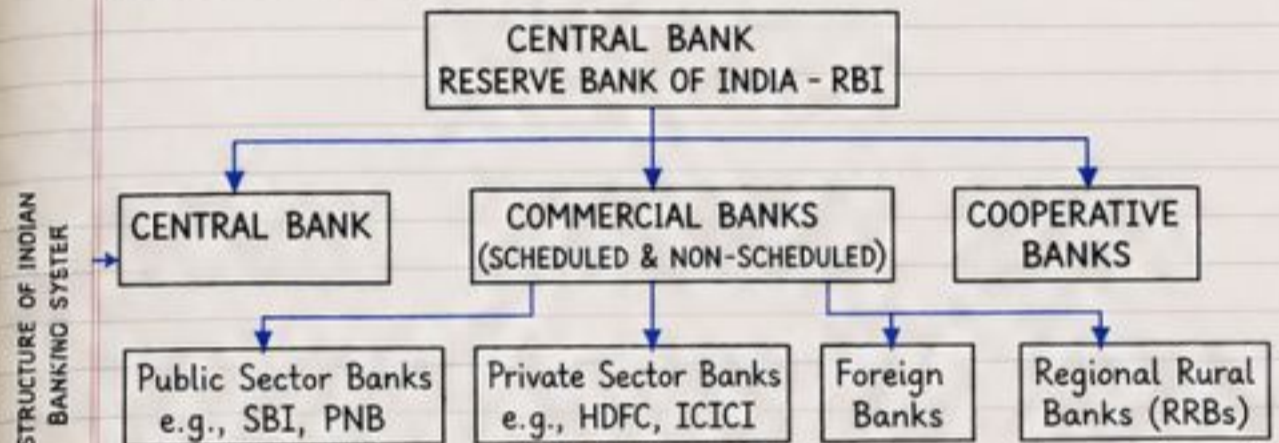
Strong fundamentals build stronger economies.

Stay curious. Keep learning. Keep growing.

BANKING SYSTEM IN INDIA

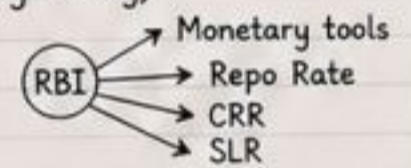
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- Introduction:** India's banking system is regulated by the RBI (The Reserve Bank of India), established in 1935, which acts as the apex monetary authority and banker to the government.



- Role of Reserve Bank of India (RBI):** Key functions

- (i) Issuing currency
- (ii) Controlling credit & money supply (Monetary Policy)
- (iii) Supervision of banks
- (iv) Managing Foreign Exchange Reserves
- (v) Banker to the Government



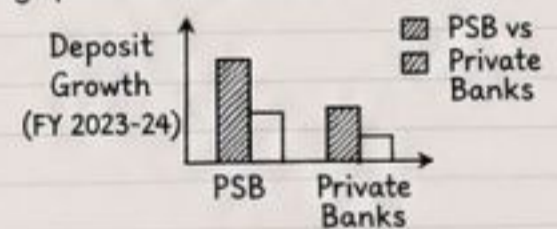
- Commercial Banks:** These provide loans, accept deposits, and facilitate payments.

A. **Public Sector Banks:** (More than 51% Govt. stake)

e.g., SBI, BOB, PNB

B. **Private Sector Banks:** Owned by private entities

(e.g., HDFC, Axis, ICICI)



- Cooperative Banks:** Provide credit to agriculture & rural areas (3-tier structure)

- Regional Rural Banks (RRBs):** Set up in 1975 to meet credit needs of rural population.