

## Reserve bank of India

RBI was established on 1<sup>st</sup> April 1935 under RBI Act 1934 by the recommendation of **Hilton Young commission**.

the RBI was nationalised on 1 January 1949.

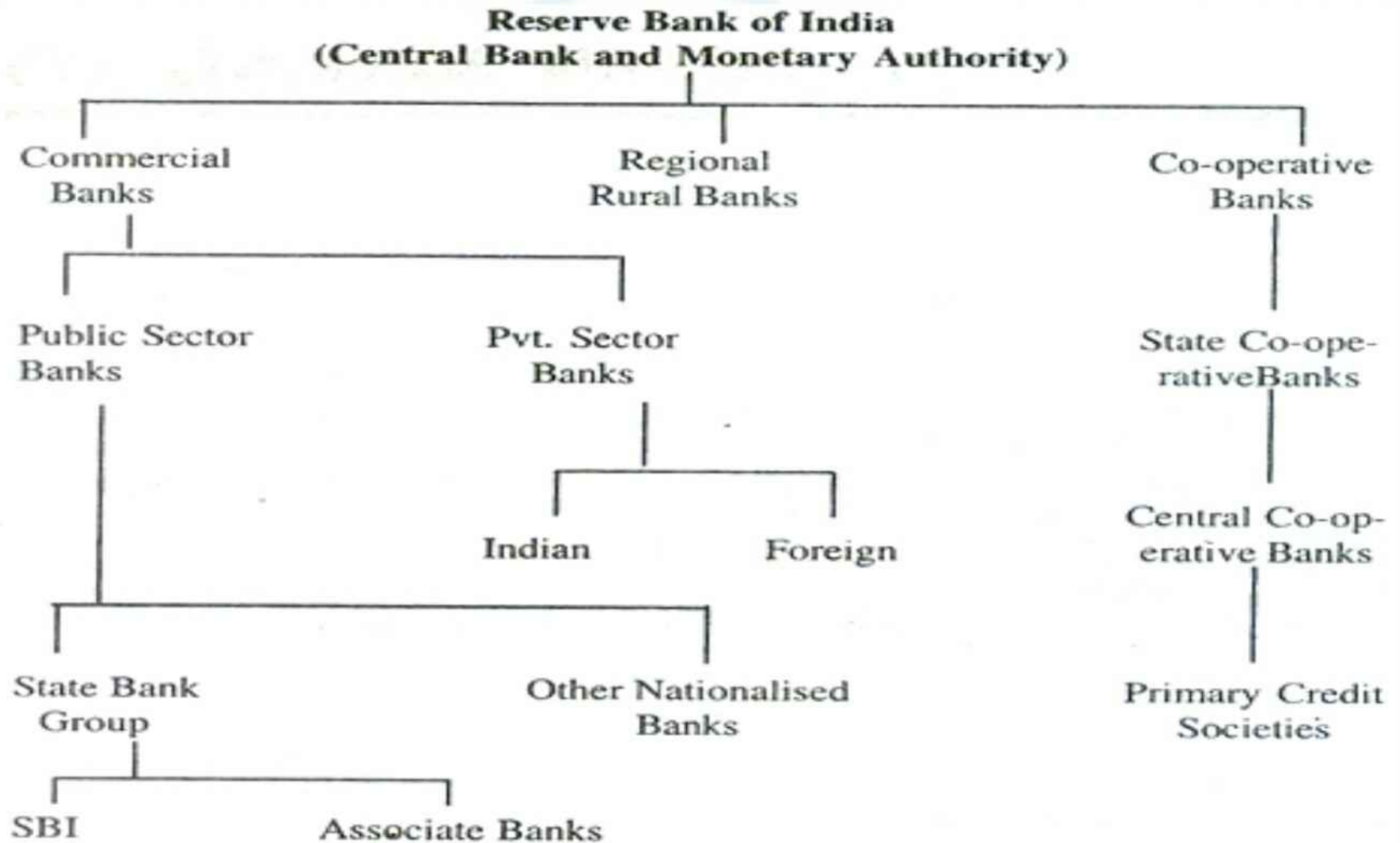
The financial year of RBI is from **1 July to 30 June**.

The first woman to become the deputy governor of RBI is **K. J. Udeshi**. She was appointed in 2003.

RBI demonetized notes in the denominations of five thousand rupees (**Rs. 5,000**) and ten thousand rupees (**Rs. 10,000**) in 1938.

They were reintroduced in 1954 and again demonetized in **1978**. RBI can print these notes according to the **RBI act of 1934**.

# Indian Banking system



STRUCTURE OF INDIAN BANKING SYSTEM

RBI was also the central bank for two other countries. It played the role of Central Bank of **Pakistan till June 1948** and the **Central Bank of Burma (Myanmar) till April 1947**.

RBI does not have second class employees. It has Class I, Class III & Class IV employees.

**Dr. Manmohan Singh** is the only Prime Minister to have also served as the Governor of RBI.

The First Governor of RBI was **Sir Osborne Smith (1935 – 1937)**.

The first Indian to hold the position of the Governor of RBI was **Mr. C.D. Deshmukh**. He was the third governor of RBI.

RBI has 29 offices in India which are mostly located in the state capitals.

The Central Office of RBI was initially established in **Calcutta** and then permanently moved to **Mumbai in 1937**.

RBI is controlled by a **central board of directors**.

The directors are appointed for a 4 year term by the Government of India in keeping with the Reserve Bank of India Act.

The only Prime Minister who was the Governor of RBI was Manmohan Singh (1982 – 1985).

The Government of India is responsible for minting of coins and printing of 1 rupee notes.

RBI is the only sole authority in India that can issue bank notes of denomination values of Rs. 2, 5, 10, 20, 50, 100, 1000, 5000 and 10,000.

Coins up to 50 pesa called **small coin**.

## Commercial Banks:

Commercial banks accept deposits and advances loans to the public.

Commercial banks in India are largely **Indian-public sector and private sector with a few foreign banks.**

The public sector banks account for more than **92 percent of the entire banking business** in India occupying a dominant position in the commercial banking.

There are about **27 Public Sector Banks** in India

There are a total of 27 PSBs in India **21 Nationalized banks** + 6 State bank group (SBI + 5 associates) and rest two are IDBI Bank

and **Bharatiya Mahila Bank**, which are categorized as other public sector banks.

### Scheduled and Non-Scheduled Banks:

The **scheduled banks** are those which are established under the second schedule of the RBI Act, 1934.

These banks have a paid-up capital and reserves of an aggregate value of not **less than Rs. 5 lakhs**

All commercial banks (Indian and foreign), regional rural banks, and state cooperative banks are scheduled banks.

**Non-scheduled banks are those which are **not included** in the second schedule of the **RBI Act, 1934**.**

**Non-Scheduled Banks are also required to maintain the cash reserve requirement, not with the RBI, but with themselves.**

**These are local area banks.**

- 1. Coastal Local Area Bank Ltd**
- 2. Capital Local Area Bank Ltd**
- 3. Krishna Bhima Samruddhi Local Area Bank Ltd**
- 4. Subhadra Local Area Bank Ltd**