



RBI & Banking sector

Monetary Policy and Economic Outlook

Following a recent Monetary Policy Committee (MPC) meeting, the RBI decided to keep the repo rate unchanged at 5.5%. This decision comes after a cumulative 100 basis points cut since February. The central bank has maintained its neutral policy stance.

Inflation and GDP: The RBI revised its inflation forecast for FY26 to 3.1% (down from 3.7%) while keeping the GDP growth forecast at 6.5%. This is based on softening food prices and a healthy monsoon season.

Repo Rate Impact: The decision to hold the repo rate steady means that loan interest rates, including home loans, remain stable. This is expected to support housing demand and encourage borrowing.

New Regulations and Schemes

Claim Settlement for Deceased Customers: The RBI has proposed a new draft circular to standardize and simplify the process for settling claims on bank accounts and lockers of deceased customers. The new guidelines would mandate a 15-day settlement deadline and include penalties for banks that cause delays. This is part of a broader effort to improve customer service and alleviate the burden on grieving families.

Dispensing Lower Denomination Notes: The RBI has directed banks and White Label ATM Operators (WLAOs) to ensure that at least 75% of ATMs dispense ₹100 or ₹200 notes by September 30, 2025, and 90% by March 31,

2026. This initiative aims to improve public access to frequently used smaller denomination notes.

Minimum Balance Requirement: RBI Governor Sanjay Malhotra clarified that the decision on the minimum average balance (MAB) required in savings accounts lies with individual banks and is not a regulatory matter for the central bank. This statement was made following ICICI Bank's decision to increase the MAB requirement for some new customers.

Banking Sector Performance and Trends

Financial Inclusion Index: The RBI's Financial Inclusion Index (FI-Index) for the year ending March 2025 has risen to 67.0, up from 64.2 in the previous year. This improvement reflects enhanced access, usage, and quality of financial services across the country, supported by initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY).

Credit Growth and PSB Revival: System-wide loan growth has moderated, but public sector banks (PSBs) have reversed a decade-long decline in market share. For the first time in 15 years, PSBs' loan growth (12%) has outpaced that of private banks, thanks to stronger capital positions and improved balance sheets.

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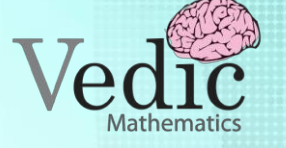
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MCQS

1. What is the current repo rate, according to the recent Monetary Policy Committee (MPC) meeting?

- a) 5.5%
- b) 3.1%
- c) 6.5%
- d) 100 basis points

Answer: a) 5.5%

The text states, "the RBI decided to keep the repo rate unchanged at 5.5%."

2. What is the new deadline proposed by the RBI for banks to settle claims on accounts of deceased customers?

- a) 30 days
- b) 6 months
- c) 15 days
- d) 1 year

Answer: c) 15 days

The news mentions that the new guidelines would "mandate a 15-day settlement deadline" for claims related to deceased customers' accounts and lockers.

3. What is the RBI's GDP growth forecast for FY26?

- a) 3.1%
- b) 5.5%
- c) 6.5%
- d) 12%

Answer: c) 6.5%

The text states that the RBI is "keeping the GDP growth forecast at 6.5%" for the fiscal year 2026.

4. What is the target percentage of ATMs that must dispense ₹100 or ₹200 notes by March 31, 2026?

- a) 75%
- b) 90%
- c) 67.0%
- d) 100%

Answer: b) 90%

The RBI has directed banks and WLAOs to ensure that "90% [of ATMs] dispense ₹100 or ₹200 notes by March 31, 2026."

5. What is the value of the RBI's Financial Inclusion Index (FI-Index) for the year ending March 2025?





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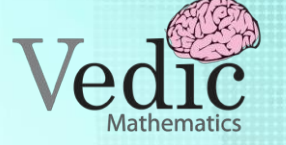
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- a) 64.2
- b) 67.0
- c) 12.0
- d) 15.0

Answer: b) 67.0

The news states, "The RBI's Financial Inclusion Index (FI-Index) for the year ending March 2025 has risen to 67.0, up from 64.2 in the previous year."

6. Which of the following statements about the Minimum Average Balance (MAB) requirement is correct, according to RBI Governor Sanjay Malhotra?

- a) The RBI has mandated a new minimum balance for all savings accounts.
- b) The decision on MAB lies with individual banks, not the RBI.
- c) All banks must eliminate the MAB requirement.
- d) The RBI is in the process of standardizing MAB across all banks.

Answer: b) The decision on MAB lies with individual banks, not the RBI.

RBI Governor Sanjay Malhotra "clarified that the decision on the minimum average balance (MAB) required in savings accounts lies with individual banks and is not a regulatory matter for the central bank."

7. Which type of banks saw their loan growth outpace that of private banks for the first time in 15 years?

- a) Foreign banks
- b) Co-operative banks
- c) Public sector banks (PSBs)
- d) Small finance banks

Answer: c) Public sector banks (PSBs)

The document states, "For the first time in 15 years, PSBs' loan growth (12%) has outpaced that of private banks."

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