



RBI & Banking sector

Major news in the banking sector on September 20, 2025, includes a new initiative to allow banks to take larger exposures to corporates, a significant authorization for DBS Bank India, and a discussion on potential shifts in bank earnings.

RBI & Banking Sector Highlights

Lending Norms for Corporates: The government is in talks with the RBI to ease regulations that limit a bank's exposure to large corporates. Currently, loans to a single corporate entity exceeding ₹10,000 crore require banks to make additional provisioning, which increases the cost of lending. The proposed changes aim to boost infrastructure financing by allowing banks to lend more freely without incurring these extra costs, as the overall health of the banking sector has improved with a multi-decade low in gross non-performing assets (NPAs).

DBS Bank India Gets Agency Bank Status: The RBI has authorized DBS Bank India as the first wholly-owned subsidiary to collect Goods and Services Tax (GST) payments on its behalf. This designation allows the bank to offer seamless, real-time GST payment services to businesses through its digital platforms.

Bank Earnings Outlook: Following a period of significant gains from bond holdings, analysts project that banks' treasury gains may weaken in the second quarter of the fiscal year. This is due to rising bond yields, which negatively affect bond prices, and the absence of open market operations (OMOs) by the RBI, which previously helped banks book profits.

Financial Inclusion Index: India's Financial Inclusion Index (FI-Index) has risen to 67.0 in 2025, up from 64.2 in 2024. This growth reflects improvements in the usage and quality of financial services and financial literacy initiatives across the country.

Banking Sector's Global Ambition: As part of the 'Viksit Bharat 2047' vision, India is working to have at least two public sector banks among the top 20 global lenders by assets. Currently, only the State Bank of India (SBI) and HDFC Bank are in the top 100.

Bank Holidays: Banks were open on September 20, 2025, as it was the third Saturday of the month. Banks remain closed on the second and fourth Saturdays, as well as on designated public and state holidays.

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d) Cooperative Bank

Answer: c) Agency Bank.

The RBI has authorized DBS Bank India as an "Agency Bank" to collect Goods and Services Tax (GST) payments on its behalf.

3: What is the key reason cited for the potential weakening of banks' treasury gains in the second quarter of the fiscal year?

- a) Decreasing bond yields.
- b) Absence of open market operations (OMOs) by the RBI.
- c) A decrease in gross non-performing assets (NPAs).
- d) A new regulation on corporate lending.

Answer: b) Absence of open market operations (OMOs) by the RBI.

The prompt explains that banks' treasury gains may weaken due to rising bond yields and the absence of open market operations (OMOs) by the RBI, which previously helped banks book profits.

4: What is India's Financial Inclusion Index (FI-Index) value for 2025?

- a) 64.2
- b) 67.0
- c) 65.5
- d) 68.1

Answer: b) 67.0.

According to the provided data, India's Financial Inclusion Index (FI-Index) has risen to 67.0 in 2025, up from 64.2 in 2024.

5: As part of the 'Viksit Bharat 2047' vision, what is India's goal for its public sector banks?

- a) To have at least one public sector bank in the top 50 global lenders.
- b) To have at least two public sector banks in the top 20 global lenders.

MCQS

1: What is the current limit on loans to a single corporate entity that, if exceeded, requires banks to make additional provisioning?

- a) ₹5,000 crore
- b) ₹10,000 crore
- c) ₹15,000 crore
- d) ₹20,000 crore

Answer: b) ₹10,000 crore.

The prompt states that loans to a single corporate entity exceeding ₹10,000 crore currently require banks to make additional provisioning, which the government is in talks with the RBI to ease.

2: What is the new status that the RBI has authorized for DBS Bank India?

- a) Regional Rural Bank
- b) Small Finance Bank
- c) Agency Bank





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- c) To have all public sector banks merge into one entity.
d) To privatize all public sector banks.

Answer: b) To have at least two public sector banks in the top 20 global lenders.

As part of the 'Viksit Bharat 2047' vision, India aims to have at least two public sector banks among the top 20 global lenders by assets.

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