

Evolution of Banking Laws in India

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I. INTRODUCTION

According to a report by the Reserve Bank of India ("RBI"), the Indian banking sector is well capitalized and well regulated. The current financial situation and economy are far superior to any other country in the world. Credit, market and liquidity risk studies and studies all show that Indian banks can weather the global recession efficiently and recover quickly from difficult situations. India is considered one of the fastest growing economies in the world.

Digital payments evolved overnight after the prime minister's decommissioning in 2016. India's Immediate Payment Services ('IMPS') ranks at Level 5 in Faster Payments Innovation Index ('FPII'), according to FSI report, the best performer among 25 countries. The only country RBI also allows more features such as unlimited transfers between wallets and bank accounts. These wallets are expected to become very strong players in the financial ecosystem. The unorganized retail sector has the potential to adopt digital mobile wallets for payments, according to a report by the Center for Digital Financial Inclusion. About 63% of retailers are interested in using digital payment instruments.

In 2017, the global rating agency Moody's announced that India's banking system was stable. It also upgraded four Indian banks from Baa3 to Baa2. As part of the 2018 union budget, the government allocated his 3 trillion rupees for his Mudra scheme. It provides financial support to small business owners looking to grow their business. The government also invested his Rs 379.4 billion in credit support, capital and interest subsidies for SMEs.

The government and regulators have taken several steps to strengthen the Indian banking sector. Two-year plan to strengthen public sector banks through reforms and capital injection of Rs 2, etc. 11 crore to enable banks to play a bigger role in the financial system by boosting the MSME sector. Lok Sabha has also approved Rs 80,000 in recapitalization bonds for public sector banks.

Statistics show that the banking sector for lawyers is set to grow to be a booming sector in the Indian economy next year. This is a lucrative and attractive career option for all law students. Despite its poor performance, it is a top industry and an attractive industry for lawyers. When banks do well, they need a lot of lawyers. If they're not doing well, we need more lawyers! It is a proven fact that when banks are running badly, assets are under pressure and customers are delinquent in their payments, businesses are doing well. The lawyers' banking sector can be said to be recession-proof.

RBI as the Central Bank of the Country

RBI started operations as a private shareholder bank. It replaced the Imperial Bank of India and began issuing banknotes and acting as a government banker. The RBI covered the entire undivided India. To align policy with both the RBI and government agendas. The government nationalized her RBI shortly after the country's independence. From 1 January 1949, the RBI functioned as a state-owned central bank. India also enacted the Banking Regulation Act of 1949 to streamline the functioning of commercial banks.

RBI has three main functions.

Bank regulator.

Government Bank Clerk.

Banker Bank.

Banking Law Evolution in India

The Indian banking system has evolved from a caterpillar to a butterfly over the past two centuries. In ancient times, banking was mainly done by businessmen such as the Sharov, Mahajan, Seth and Safkar families. They performed their usual function of lending money to merchants and craftsmen, sometimes making the funds available for the king's war fund.

Modern banking began in the last decades of the 18th century with the establishment of the General Bank of India and Hindustan Bank. Later, his three presidential banks were established: Madras Bank, Bombay Bank and Calcutta Bank. The President's Bank has served as a quasi-

central bank for quite some time. These merged in 1925 to form the so-called Imperial Bank of India. The Swadeshi movement inspired the Indian business community to establish its own bank between 1906 and 1911. Many banks founded at that time have survived to this day, including Bank of Kanara, Bank of India, Bank of Baroda and Central Bank of India. Established Reserve Bank of India. She started her work in 1935. Since then, the RBI has been the country's central bank and regulator of the banking sector.

Its powers are based on the RBI Act of 1934.

His two other major events in the modern banking era were his 1969 nationalization of the 14 largest commercial banks through the Banking Companies (Acquisitions and Transfers) Act 1969. Later, another four banks merged, increasing this number to 20. At that time, his over 90% of all banking operations in India were controlled by the Indian government.

Following the liberalization policy of the government, a largenumber ofprivate companies enteredthe Indian bankingmarket andthe RBI ensured that these companies were closely monitored and heavily regulated. Additionally, compliance with various guidelines was regularlychecked, andanyirregularities led to licenserevocation.

Functions of Reserve Bank of India

Reserve Bank is a top bank with multiple functions. Its mandate is based on the Reserve Bank of India Act, 1934. The functions of the Reserve Bank of India are:

Currency Issuer – Banknotes can only be issued by the Reserve Bank of India. However, the 1 rupee note is issued by the Ministry of Finance. Banknotes have the characteristics of legal tender. H. They must be accepted as payment of debt.

Bankers and Government Advisors – The Reserve Bank of India acts as the Government's banker. Raise funds and make payments on behalf of the government

We also lend to the state. It also serves as an advisor to governments, advising them on financial markets, credit, economic policy issues, and more.

Currency Manager – Reserve Bank controls foreign exchange. It aims to facilitate foreign trade and payments and establish a well-developed foreign exchange market in India.

Money and Credit Manager – The Reserve Bank is also the Money and Credit Manager.

Use different control methods such as repo rates and bank rates.

Repo Rate - The repo rate is the rate at which the Reserve Bank lends money to commercial banks for short-term needs. As repo rates rise, borrowing costs for commercial banks rise. Commercialbanks are therefore forced to raise their lending rates, which in turn reduces borrowers' willingness to lend. The effect of lowering the repo rate is the opposite.

Bank Rate - Bank Rate is the rate at which the Reserve Bank lends to commercial banks for their long-term needs. Higher interest rates will increase borrowing costs forcommercialbanks. Commercial banks are therefore forced to raise their lending rates, which in turn reduces borrowers' willingness to lend. The effect of lowering bank interest rates would be the opposite.

Bank and Banker's Regulator – The Reserve Bank oversees all bank functions

Manages and regulates commercial banks. Regulations can relate to licenses, expansions, settlements, etc. The Reserve Bank is also the banker to the banks.

Cash Reserve Manager – The Reserve Bank is the cash reserve manager of the commercial banks as they are required to hold a certain percentage of the Reserve Bank's deposits. This makes the Reserve Bank the custodian of cash reserves.

Lender of Last Resort – If a commercial bank does not have sufficient liquidity to meet its depositor obligations, the Reserve Bank will step in at such times and provide credit to the commercial bank. This guarantees the bank's solvency and makes the Reserve Bank the lender of last resort.

II. CONCLUSION

Banking is a Booming Career Even in a recession, it's safe to say that a career in banking is an evergreen. For young, hardworking and ambitious lawyers, SKY is the limit. Learning the rules of the game at this point is very beneficial.

Demand is expected to soar in the next few years. The world's leading banks such as Bank of America and Citigroup. Even companies like Goldman Sachs and the Federal National Mortgage Association. Even startups like PayPal, which have been hugely successful in the marketplace, had lawyers as their CEOs. This shows what opportunities this line has. Must be familiar with banking law.