

The latest RBI Annual Report indicates that household sector showed strong financial resilience, with net savings rising to 5.1% of GNDI in FY24 and expected to hit ₹22 lakh crore (6.5% of GDP) in FY25. This growing capital pool remains crucial for funding government and corporate deficits and supporting macroeconomic stability.

RBI's balance sheet expanded by 8.19% in FY25 less than nominal GDP growth of 9.9%. Despite contractions in traditional income streams such as domestic interest and LAF earnings, strategic management of foreign exchange operations and efforts to mitigate rupee volatility materially enhanced surplus generation. A ₹44,861.7 crore provision to the Contingency Fund kept Realized Equity healthy at 7.5% of the balance sheet, enabling record ₹2.69 lakh crore surplus transfers to the government and enhancing the fiscal space. Further, total gold holdings was 879.58 metric tonnes, reflecting an increase of 57.48 metric tonnes of gold during FY25. The share of gold in NFA increased to 12.0 per cent as at end-March 2025 from 8.3 per cent as at end-March 2024 due appreciation in gold prices.

Currency in circulation expanded steadily in FY25 with banknotes in circulation rising by 6% in value and 5.6% in volume. ₹500 notes dominated both value and volume. Withdrawal of ₹2000 notes progressed well, reclaiming 98.2% of circulation. Increased issuance of durable ₹10 coins alongside reduced ₹10 notes marks a cost-effective currency shift.

Counterfeit note detections fell overall by 2.4% to 2.17 lakh pieces but rose for ₹200 and ₹500 denominations, necessitating ongoing advancements in anti-counterfeiting technologies and enforcement mechanisms.

In the digital domain, the RBI's retail digital currency (e₹-R) pilot encompassing 17 banks and 60 million users witnessed the value of e₹ in circulation soaring by an impressive 334% in FY25. The introduction of offline functionality and programmable features, coupled with the inclusion of non-bank wallet providers, augments financial inclusion and signals a transformative evolution in India's payments ecosystem.

The RBI's regulatory framework continues to evolve through a consultative process, exemplified by 87 public consultations over the past four years. Customer-centric reforms have been vigorously pursued, with 173 measures implemented over the past four years, including 43 in FY25 alone. These initiatives are pivotal in elevating service quality, strengthening grievance redressal, and fostering greater financial inclusion, thereby reinforcing public trust in the regulated financial sector.

While the incidence of fraud cases declined, but fraud amounts tripled to Rs 36,014 crore, mainly due to surging advances-related fraud. In contrast card and internet frauds volume diminished significantly from 29,802 in FY24 to 13,516 in FY25. In summary, India's financial system stands at crossroads— resilient and transformative.

FINANCIAL SAVINGS INCREASED

- ◆ The net financial saving of the household sector – the most important source of funds for the two deficit sectors, namely, the general government sector and the non-financial corporations – improved to 5.1% of gross national disposable income (GNDI) in 2023-24 from 4.9% in the previous year. Further, as against the increase in household liabilities to 6.1% of GNDI, the gross financial saving of households increased to 11.2% of GNDI in 2023-24 from 10.7% in the previous year.
- ◆ Based on current trends we estimate that the net financial savings may reach Rs 22 lakh crore (or 6.5% of GNDI) in FY25.

Financial Savings of the Household Sector					
	FY21	FY22	FY23	FY24	FY25 P
In Rs Lakh Crore					
A. Gross financial saving	30.7	26.1	29.3	34.3	37.4
of which:					
Currency	3.8	2.7	2.4	1.2	0.7
Deposits	12.5	8.4	11.1	13.9	14.0
Shares and Debentures	1.1	2.3	2.1	3.0	4.1
Claims on Government	2.7	2.4	2.0	3.1	4.1
Insurance Funds	5.7	4.9	5.5	5.9	6.4
Provident and Pension funds	5.0	5.5	6.3	7.2	8.0
B. Financial Liabilities	7.4	9.0	16.0	18.8	15.5
Net Financial Saving (A-B)	23.3	17.1	13.3	15.5	21.9
% of GNDI					
A. Gross financial saving	15.2	10.9	10.7	11.2	11.2
of which:					
Currency	1.9	1.1	0.9	0.4	0.2
Deposits	6.2	3.5	4.1	4.5	4.2
Shares and Debentures	0.5	1.0	0.8	1.0	1.2
Claims on Government	1.3	1.0	0.7	1.0	1.2
Insurance Funds	2.8	2.0	2.0	1.9	1.9
Provident and Pension funds	2.5	2.3	2.3	2.3	2.4
B. Financial Liabilities	3.7	3.8	5.8	6.1	4.6
Net Financial Saving (A-B)	11.6	7.2	4.9	5.1	6.5

Source: RBI, SBI Research, P: SBI Estimate

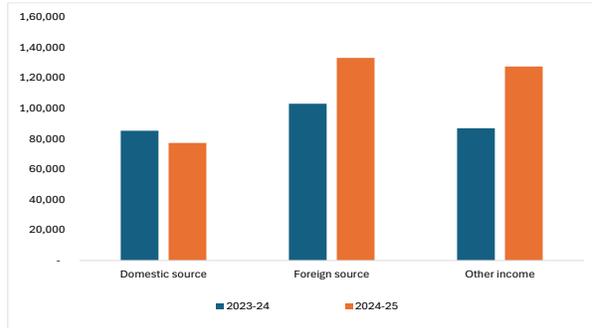
RBI SURPLUS DYNAMICS

- ◆ The RBI surplus during FY25 was determined by its earnings from foreign sources and other income consisting of Exchange gain/ loss from Foreign Exchange transactions. While the traditional sources such as domestic interest income and income of LAF declined, the RBI efforts to contain the rupee volatility was a major factor in deciding the quantum of surplus.
- ◆ On the expenses side, the major factor that decides the quantum of transferable surplus is the provision towards contingency funds (CF). An amount of ₹44,861.70 crore was also provided towards CF to maintain the Available Realized Equity at the level of 7.50% of the size of the balance sheet. The provision towards CF slightly higher than what was done last year.
- ◆ Since the transfer of surplus is dependent on meeting dual objective of maintaining contingency risk buffer and economic capital the required dual condition was comfortably met by making a provision of ₹44,861.70 crore in CF in FY25 leading to a higher transfer of surplus in FY25.

CURRENCY MANAGEMENT

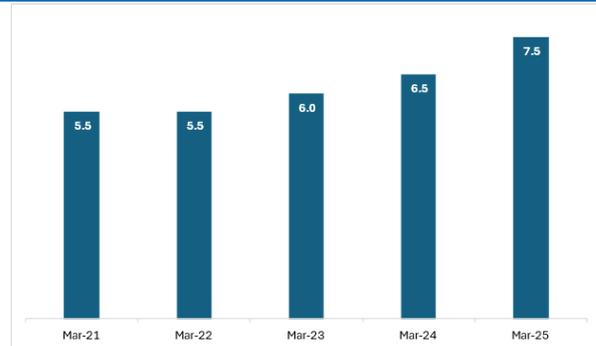
- ◆ The value and volume of banknotes in circulation increased by 6.0% and 5.6%, respectively, during 2024-25. During 2024-25, the share of ₹500 banknotes at 86%, declined marginally in value terms. In volume terms, ₹500 denomination at 40.9%, constituted the highest share of the total banknotes in circulation, followed by ₹10 denomination banknotes at 16.4%. The lower denomination banknotes (₹10, ₹20 and ₹50) together constituted 31.7% of total banknotes in circulation by volume.
- ◆ The withdrawal of ₹2000 banknotes from circulation, initiated in terms of press release dated May 19, 2023, continued during the year and 98.2 per cent of ₹3.56 lakh crore in circulation at the time of announcement have returned to the banking system up to March 31, 2025.
- ◆ The value and volume of coins in circulation increased by 9.6% and 3.6%, respectively, during 2024-25.
- ◆ In small denomination currency like Rs 10, RBI has increased 238.7 crore pieces of Rs 10 coins during 2023-25, while reduces Rs 10 notes by 85 crore pieces, during the same period.

Variation in RBI's Sources of Income



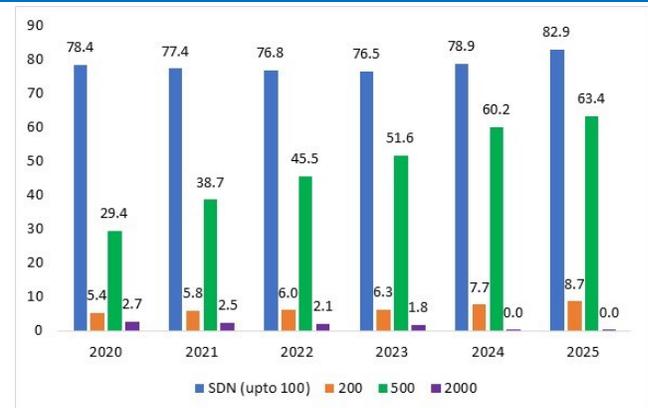
Source: RBI, SBI Research

Available Realised Equity of RBI (% of B/S)



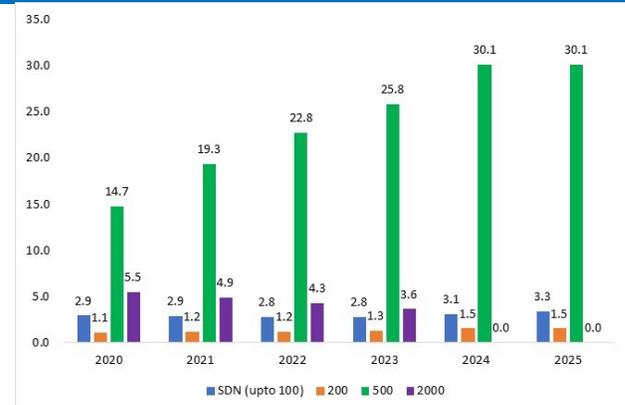
Source: RBI, SBI Research

Banknote composition (billion pieces)



Source: SBI Research

Banknote composition (Rs trillion)



Source: SBI Research

COUNTERFEIT NOTES

- ◆ The counterfeit notes detected in the denominations of ₹10, ₹20, ₹50, ₹100 and ₹2000 declined during FY25, while those in ₹200 and ₹500 denominations increased by 13.9% and 37.3%, respectively, as compared with the previous year. Overall the total number of counterfeit notes detected in the banking system has declined by 2.4% to 2.17 lakh pieces.

₹ IN CIRCULATION

- ◆ Starting with the initial use cases of person-to-person (P2P) and person-to-merchant (P2M), the RBI expanded the central bank digital currency (CBDC)-Retail (₹-R) pilot to include offline and programmability features during FY25. As at end-Mar'25, the pilot in the ₹-R segment was expanded to 17 banks and 60 lakh users since its inception in Dec'22. To further enhance adoption and improve distribution, certain non-banks have been allowed to offer CBDC wallets. Owing to these initiatives, the value of ₹ in circulation increased by 334% during FY25.

PUBLIC CONSULTATIONS FOR REGULATORY MEASURES BY RBI

- ◆ Extensive consultations (during the last four years, **87 public consultations with the stakeholders were undertaken by RBI**) have been undertaken internally as well as with key stakeholders regarding the approach to be adopted relating to the framework on interest rates on advances, considering the objectives of monetary transmission, risk pricing and conduct related aspects. In order to solicit wider public feedback, it is proposed to issue a discussion paper delineating the various imperatives of moving to a harmonized regime for interest rates on loans and advances across all REs.

CUSTOMER CENTRIC POLICIES OF RBI

- ◆ Apart from being a full-service central bank, RBI has a diverse functional mandate. RBI's enduring concern for the quality of customer services in the Regulated Entities (REs) has led to continuing initiatives over decades, including setting up of various Committees on customer service. Over the years, RBI has put in place various institutional mechanisms aimed at improving the customer service in the REs. During the last four years, **173 customer centric measures were undertaken by RBI** with 43 measures taken in 2024-25 only.

Denomination-wise Counterfeit Notes						
Denomination (Rs)	Number of pieces				% YoY	
	FY22	FY23	FY24	FY25	FY24	FY25
2	1	3	1	3	-66.7	200.0
10	354	313	235	159	-24.9	-32.3
20	311	337	297	253	-11.9	-14.8
50	17,696	17,755	15,366	12,015	-13.5	-21.8
100	92,237	78,699	66,310	51,069	-15.7	-23.0
200	27,074	27,258	28,672	32,660	5.2	13.9
500	79,669	91,110	85,711	1,17,722	-5.9	37.3
2000	13,604	9,806	26,035	3,508	165.5	-86.5
Total	2,30,971	2,25,769	2,22,639	2,17,396	-1.4	-2.4

Source: RBI; SBI Research

₹ in Circulation (end-March)							
₹	Denomination (₹)	Volume (pieces in lakh)			Value (₹ crore)		
		2023	2024	2025	2023	2024	2025
₹-R	0.5	2.7	18.4	23.0	0.0	0.1	0.1
	1	3.8	37.3	45.7	0.0	0.4	0.5
	2	2.8	27.1	38.8	0.1	0.5	0.8
	5	2.4	27.3	35.4	0.1	1.4	1.8
	10	1.5	21.4	30.6	0.2	2.1	3.1
	20	1.2	19.7	32.0	0.2	3.9	6.4
	50	0.8	17.0	33.3	0.4	8.5	16.6
	100	0.8	20.7	38.2	0.8	20.7	38.2
	200	0.6	16.0	45.7	1.2	32.0	91.3
	500	0.5	32.9	171.5	2.7	164.4	857.7
	2000	-	-	-	-	-	-
Total ₹-R		17.1	237.8	494.1	5.7	234.0	1016.5
Total ₹-W		-	-	-	10.7	0.08	-
Total ₹		17.1	237.8	494.1	16.4	234.1	1016.5

Source: RBI; SBI Research

Regulatory Measures Undertaken Post Public Consultations: April 2021 to March 2025					
Department	2021-22	2022-23	2023-24	2024-25	Total
Financial Markets Regulation Department	6	3	3	3	15
Foreign Exchange Department	-	1	1	1	3
Department of Regulation	5	6	21	2	34
FinTech Department	-	-	1	1	2
Department of Supervision	-	1	4	-	5
Department of Payment and Settlement Systems	5	5	11	7	28
Total	16	16	41	14	87

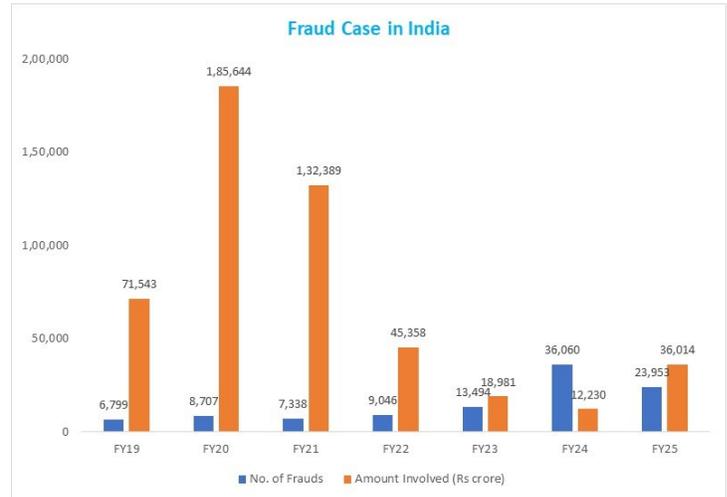
Source: RBI; SBI Research

Customer Centric Measures: April 2021 to March 2025					
Department	2021-22	2022-23	2023-24	2024-25	Total
Financial Inclusion and Development Department	2	2	2	3	9
Financial Markets Regulation Department	3	3	3	3	12
Foreign Exchange Department	2	9	9	13	33
Department of Regulation	6	6	13	4	29
FinTech Department	3	5	3	5	16
Department of Supervision	-	-	2	4	6
Consumer Education and Protection Department	6	6	8	1	21
Internal Debt Management Department	1	1	1	2	5
Department of Currency Management	3	3	4	3	13
Department of Payment and Settlement Systems	7	6	11	5	29
Total	33	41	56	43	173

Source: RBI; SBI Research

NUMBER OF FRAUDS HAVE DECLINED, DUE TO DECLINE IN CARD/INTERNET FRAUDS, AMOUNT INCREASED DUE TO THE RISE IN ADVANCES RELATED FRAUDS

- ◆ The number of cases on frauds reported by banks has declined to 23,953 in FY25 from 36,060 in FY24. However, in terms of amount, frauds has been increased 3-times to Rs 36,014 crore in FY25 from Rs 12,230 crore in FY24. Private sector banks reported maximum number of frauds, public sector banks continued to contribute maximum to the fraud amount.
- ◆ The increase in the amount involved in the total frauds reported during 2024-25 over 2023-24 was mainly due to removal of fraud classification in 122 cases amounting to ₹18,674 crore reported during previous financial years and reporting afresh during the current financial year after re-examination and ensuring compliance with the judgement of the Hon'ble Supreme Court dated March 27, 2023.
- ◆ Advances fraud rose from Rs 10,072 crore in FY24 to Rs 33,148 crore in FY25. While, the number of frauds in 'card/internet' has declined significantly to 13,516 (Rs 1457 crore) in FY25 from 29,082 (Rs 520 crore) in FY24.
- ◆ While card/internet frauds contributed maximum to the number of frauds reported by private sector banks, frauds in public sector banks were mainly in



Bank Group	Fraud Cases - Bank Group-wise													
	No. of Frauds						Amount Involved (Rs crore)							
	FY19	FY20	FY21	FY22	FY23	FY24	FY19	FY20	FY21	FY22	FY23	FY24	FY25	
PSBs	3,568	4,413	2,888	3,044	3,331	7,460	6935	63,283	1,48,400	77,879	32,288	12,557	9,254	25,667
% Share	52.5	50.7	39.4	33.7	24.7	20.7	29.0	88.5	79.9	58.8	71.2	66.2	75.7	71.3
Pvt Banks	2,286	3,066	3,705	5,312	8,971	24,207	14,233	6,742	34,211	45,515	10,653	5,206	2,722	10,088
% Share	33.6	35.2	50.5	58.7	66.5	67.1	59.4	9.4	18.4	34.4	23.5	27.4	22.3	28.0
FBs	762	1,026	519	494	804	2,899	1,448	955	972	3,110	1,206	292	154	181
% Share	11.2	11.8	7.1	5.5	6.0	8.0	6.0	1.3	0.5	2.3	2.7	1.5	1.3	0.5
Others	183	202	226	196	389	1,494	1,337	563	2,061	5,885	1,211	926	100	78
% Share	2.7	2.3	3.1	2.2	2.9	4.1	5.6	0.8	1.1	4.4	2.7	4.9	0.8	0.2
Total	6,799	8,707	7,338	9,046	13,494	36,060	23,953	71,543	1,85,644	1,32,389	45,358	18,981	12,230	36,014

Source: RBI, SBI Research

	Card/Internet Frauds Has Increased Substantially									
	No. of Frauds					Amount Involved (Rs crore)				
	FY22	FY23	FY24	FY25	CAGR	FY22	FY23	FY24	FY25	CAGR
Advances	3,782	4,021	4,118	7,950	28.1	43,272	17,542	10,072	33,148	-8.5
Share %	41.8	29.8	11.4	33.2	-	95.4	92.4	82.4	92.0	-
Card/Internet	3,596	6,699	29,082	13,516	55.5	155	278	1,457	520	49.7
Share %	39.8	49.6	80.6	56.4	-	0.3	1.5	11.9	1.4	-
Others	1,668	2,774	2,860	2,487	14.2	1,931	1,161	701	2,346	6.7
Share %	18.4	20.6	7.9	10.4	-	4.3	6.1	5.7	6.5	-
Total	9,046	13,494	36,060	23,953	38.3	45,358	18,981	12,230	36,014	-7.4

Source: SBI Research

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