



Research Article

Role of RBI in Maintaining Financial Stability – Reserve Bank of India

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Abstract

The Reserve Bank of India (RBI), set up in 1935, is in practice the main monetary authority in the country, and it is also a chief guardian of financial stability. In modern central banking, steadiness is no longer handled as an afterthought linked only to steering money and interest rates; it is treated as a distinct policy target, with its own instrument set, organisational lanes, and institutional settings. Over time, the RBI's workload has grown, starting from currency issuance and credit control, and then broadening into a more complete responsibility that reaches bank oversight, payment system oversight, macro prudential regulation, foreign exchange supervision, and ultimately crisis response.

Through various reforms like the Asset Quality Review (AQR), the Prompt Corrective Action (PCA) framework, the Insolvency and Bankruptcy Code (IBC), the shift to Basel III norms, and the flexible inflation targeting (FIT) regime introduced in 2016, the RBI has built a multi-tier architecture aimed at stability, in a way. The COVID-19 pandemic, the IL&FS and Yes Bank episodes, plus other disturbances like the Russia-Ukraine conflict, and the US Federal Reserve tightening cycle, have tested whether this arrangement actually holds up under stress.

More recent indicators do point to measurable improvement: the gross nonperforming asset (GNPA) ratio of scheduled commercial banks has eased to about 2.8% by mid 2024, and the capital adequacy ratio (CAR) has climbed past 16% comfortably above the regulatory minimum. This paper looks at how different RBI tools work together to sustain stability, it reviews macroeconomic and banking indicators from 2014 through 2024 and it uses a composite Financial Stability Indicator to track changes over time. The results suggest India's financial system is notably more resilient now than it was ten years back, even if fresh worries remain around rapid unsecured retail credit growth, NBFC interconnectedness, cyber risks, and exposure that can be tied to climate events so vigilance can't really pause. Overall, the study argues that the RBI's adaptive, layered, and forward leaning approach still stays central to India's economic stability.

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1. INTRODUCTION

Financial stability is probably best seen as a situation where the financial system, meaning banks, markets, payment infrastructure, and non-bank intermediaries, keeps doing its work in a steady way even when pressure builds up. It is not the lack of turbulence or ups and downs, but more the existence of resilience, that is the key point. In India the Reserve Bank of India has been, and still is, the main institution tasked with protecting this resilience since it was set up under the Reserve Bank of India Act, 1934 [1]. Over time its function has been reshaped a lot. What began as a currency authority from the colonial era has become a full-spectrum central bank, responsible for monetary policy, credit control, foreign exchange operations, public debt work, and also oversight of banks along with non-banking financial companies (NBFCs) [2].

The transformation of the Indian financial system since the 1991 liberalisation has been quite remarkable, even if some parts feel uneven when you look closely. In the past, India had a closed, and largely state-owned banking sector, but gradually it moved toward a more competitive, market oriented system with private banks plus foreign banks, also with a lively capital market, and an expanding NBFC segment. As the whole thing grew in scale, and started to feel more complex, the RBI's duties deepened as well. The global financial crisis in 2008 reshaped how central banking is viewed everywhere, and it made clear that keeping price stability alone is not enough to guarantee systemic stability, [3]. For India, the crisis was less direct in its impact, yet it still delivered useful lessons. After that, the RBI built more robust macroprudential tools, carried out regular systemic risk surveys, and started releasing the Financial Stability Report, FSR, twice yearly, so emerging risks could be shared transparently [4].

The issue of keeping financial stability steady has become a lot more complex in recent years, i mean it really. India's economy is now more tightly linked with global capital flows, so it can be affected by spillovers coming from advanced economy monetary policies, geopolitical frictions, and commodity price shocks, even when those events are far away. On top of that, domestically, the fast spread of digital payments has changed the way money travels through the system: the Unified Payments Interface, or UPI, is processing more than 16 billion transactions each month by 2024 [5]. At the same time, fintech platforms, peer-to-peer lending, and digital-only bank models are adding fresh types of exposure that older supervisory methods were not meant for. Then there is climate related financial risk, which has been taken more seriously as a longer-term danger to stability, the RBI joined the Network for Greening the Financial System (NGFS) in 2021.

The banking sector, it has gone through periods of stress and recovery, again and again. Between 2015 and 2018, the AQR uncovered concealed non-performing loans, mainly in public sector banks, and that set off a stretch where asset quality worsened sharply. By March 2018, the GNPA ratio climbed to 11.2%, which was the highest point in nearly two decades. The combined actions recapitalisation of public sector banks, mergers, the IBC, the PCA framework and tighter supervision slowly brought the system back to a healthier state [6]. Then by

June 2024, the GNPA ratio slipped to about 2.8%, the weakest level in more than a decade.

This paper tries to tackle three connected questions in practice. First, which exact instruments and operational frameworks does the RBI rely on, to keep financial stability across the monetary, prudential, and crisis management sides of the system. Second, how well have those tools worked during the last ten years, especially when stress shows up like in the IL&FS crisis 2018, the Yes Bank moratorium 2020, and the COVID-19 pandemic. Third, what kinds of obstacles and newly arising risks must the RBI handle to sustain stability over the next ten-year period [7]?

The weight of this study is in giving a more structured assessment of the RBI's shifting role, especially during a moment when global central banks are reconsidering their mandates. The Indian case, with its blend of rapid digitalisation, strong financial inclusion objectives, and exposure to external volatility, provides helpful reflections for central banks in emerging markets. The paper is laid out like this: the next section looks at the scholarly and policy work on central banking and financial stability; the third section clarifies the methodology and the data sources; the fourth section walks through the experimental setup and the key indicators. the fifth section shares the results. the sixth section then discusses what the findings suggest, and the last section wraps up with policy takeaways.

2. LITERATURE REVIEW

The literature on central banks and financial stability has expanded quite a bit since the 2008 global financial crisis. Before that, thinking was mostly led by the Great Moderation view, where central banking was seen as mostly an issue of controlling inflation and financial stability was assumed to appear automatically, without much extra fuss. That consensus started to weaken when stable inflation kept going alongside the buildup of risky financial imbalances [8]. After the crisis, researchers as well as policymakers started to treat financial stability as a separate target, a thing that needs its own instruments and also its own monitoring frameworks, not just the usual inflation lens.

Another thread in the literature digs into the well known "twin objectives" issue, meaning whether a single central bank can chase both price steadiness and financial steadiness at the same time, without bumping into each other. A few researchers say they fit together mostly, over the long run, but other studies emphasize short term compromises, in particular when low interest rates gently invite too much risk taking. The discussion on "leaning against the wind" is still open, meaning should monetary policy react straight to asset price surges, or wait. It is not completely settled yet still [9]. For India, the evidence tends to point to a more pragmatic middle approach: the policy rate stays tied to inflation goals, while macroprudential tools handle risks that are more sector related.

Indian specific writing gives a fairly detailed view of how the RBI role has been morphing over time. In older pieces, scholars highlighted the central bank developmental mission, like steering credit toward priority sectors, managing the exchange rate and backing financing for government borrowing. Mohan

(2009) carried that same storyline ahead, and argued that after the 1991 reforms [10], the RBI slowly moved away from administered interest rates toward a method that is more market driven. Later Subbarao (2016) looked back at the years near the global crisis, and described how the RBI relied on non standard measures such as liquidity adjustment facility actions, foreign exchange interventions, and dedicated refinance windows, in order to calm and steady the markets.

In 2016, the move toward flexible inflation targeting felt like a real structural turn inside India's monetary scene, even though many people described it in slightly different ways. In this newer setup, there is a six member Monetary Policy Committee, the MPC, and it is asked to keep CPI inflation near 4%, plus or minus 2% within the tolerance band. Plenty of evaluations claim the FIT era went fairly well overall, and they highlight that average inflation was lower, and also steadier than what we saw prior to 2016 [11]. Yet, there are critics who argue that pushing the inflation target too hard can rub against growth goals or disturb financial stability priorities, in particular when supply shocks show up. After the pandemic, the surge in prices really tested that tension, and even then, the RBI kept raising the policy rate consistently, which supported inflation returning inside the target range by 2024.

Another body of literature leans into macroprudential policy, which is really about instruments built for systemic risk, not only the trouble that shows up from one institution, in practice. This strand gestures toward things like counter cyclical capital buffers, limitations on loan to value (LTV) ratios, segment or sector specific risk weights, and dynamic provisioning, for example. The RBI was among the early adopters of macroprudential tools, it introduced differential risk weights, and also provisioning norms for vulnerable segments such as real estate and capital markets, even before these measures became widely discussed everywhere, or widely accepted at a global level [12]. More recently, the November 2023 choice to raise risk weights on unsecured consumer loans indicates these instruments remain in motion, with a closely related intent beneath it.

In banking regulation literature, people keep stressing that you need solid capital, liquidity, and resolution guardrails, you know, things that actually hold up in practice. The Basel III framework, which also brings in the Common Equity Tier 1 (CET1) ratio, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), was rolled out in India in stages. Today Indian banks usually keep capital buffers well over the required minima, this can act as a cushion when unexpected losses show up. On resolution, a lot has improved after the IBC arrived in 2016, it set up a time bound, creditor led process for handling non performing exposures, or stressed assets, as they put it [13]. The recovery outcomes under the IBC are uneven, but overall they appear better than the earlier approaches like DRTs and SARFAESI mechanisms.

The NBFC sector really deserves its own space in the literature, honestly. NBFCs are crucial for extending credit to people who are underserved, but they are also more exposed to liquidity troubles, which you can see in the IL&FS default of 2018 and then later the DHFL crisis that followed. In 2022, the RBI

rolled out a scale based regulatory framework, placing NBFCs into four layers and after that it keeps tightening the norms in a more strict, step by step way for the larger and more interconnected entities. This route seems to indicate a clearer acceptance that NBFCs, particularly the bigger ones, can spark systemic risks so they should be handled in a manner closer to banks.

Recently, the literature has started looking closer at how digital finance, central bank digital currencies CBDCs and climate risk might be reshaping the picture for financial stability. In India, the e-rupee pilot that was launched in 2022, is often cited as one of the more advanced CBDC trials across the world. Meanwhile, cyber resilience within financial institutions has become a major theme, and operational risk is now seen as systemic, not only something that happens inside. Climate-linked financial risk feels like the newest frontier and it is advancing quickly. The RBI has released draft disclosure guidelines and has started working on climate stress tests as well.

Even with this, there are still some gaps. There is not enough systematic evidence on how different pillars of RBI policy, monetary prudential supervisory and crisis related, actually combine, and then lead to stability outcomes. A lot of studies emphasize one single instrument instead of an integrated approach, so the picture remains thin. This paper aims to bridge the missing part by building a composite index and then looking at trends across a ten year span.=

3. METHODOLOGY

This study takes a descriptive analytical and evaluative research set-up, mostly built on secondary data. The goal is not to prove one narrow hypothesis, instead it is to check how well the RBI stability framework has held up in total across the past decade. The method mixes numerical trend reading with a more qualitative look at the key policy decisions.

The information was pulled mainly from RBI sources, such as the Annual Report, the Financial Stability Report (FSR), the Report on Trend and Progress of Banking in India, and the Database on Indian Economy (DBIE) [14]. More material was added from Government of India documents, including the Economic Survey, IMF country reviews, and BIS working papers. The time window is FY 2014–15 to FY 2023–24, covering the AQR years, the demonetisation episode, the GST transition, the IL and FS plus Yes Bank stress episodes, the pandemic shock, and then the shift back to everyday normalisation afterward.

Variables assessed include CPI inflation, the repo rate, GNPA ratio, CAR, GDP growth rate, credit growth, and Liquidity Coverage Ratio (LCR). Each element seems to show a different angle of financial stability, inflation gauges monetary credibility, GNPA plus CAR put the focus on banking well being, GDP growth signals the state of the wider economy, credit growth indicates the intermediation role, and LCR reflects short term resilience. To synthesise these dimensions, a composite Financial Stability Indicator (FSI) is computed each year as a weighted average of normalised sub-indicators [15]:

$$FSI = w_1 \cdot CAR_n + w_2 \cdot (1 - GNPA_n) + w_3 \cdot LCR_n$$

where the subscript n denotes normalisation to a 0–1 scale, and the weights w_1, w_2, w_3 are assigned based on supervisory priority. In this study, equal weights of one-third each are used for simplicity, although a sensitivity check with alternative weights confirms that the broad pattern of results is robust. The growth in money supply is examined using the standard monetary identity:

$$\Delta M = m \cdot \Delta B$$

where ΔM is the change in broad money supply (M3), m is the money multiplier, and ΔB is the change in monetary base [16]. This identity helps interpret the relationship between RBI's open market operations, CRR changes, and overall money supply.

To assess the RBI's interest rate decisions, the Taylor rule is used as a benchmark:

$$i_t = r^* + \pi_t + \alpha(\pi_t - \pi) + \beta(y_t - y)$$

where i_t is the nominal policy rate at time t, r^* is the equilibrium real interest rate, π_t is the current inflation rate, π is the target inflation rate (4% under FIT), y_t is actual output, y^* is potential output, and α and β are response coefficients commonly set at 0.5 in standard specifications [17]. To analyse NPA dynamics, the following transition equation is used:

$$NPA_{t+1} = NPA_t(1 - r_t) + s_t \cdot L_t$$

where r_t is the recovery rate, s_t is the slippage rate, and L_t is the performing loan portfolio at the beginning of period t.

Qualitative analysis focuses on three episodes that tested the RBI's stability framework: the AQR-driven NPA recognition cycle (2015–2018), the NBFC stress period (2018–2019), and the COVID-19 response (2020–2022) [18]. For each episode, the policy mix, intervention sequence, and outcome are reviewed.



Figure 1: Conceptual Framework of RBI's Role in Financial Stability

4. Experimental Setup

The empirical work depends on assembling a ten-year panel of macroeconomic and banking indicators, for FY 2014-15 through FY 2023-24. In principle, almost all variables were pulled from the RBI Database on Indian Economy and then cross checked with the Financial Stability Report releases, just to make sure things line up. After that, the dataset was arranged into a tabular layout, so trend reading could be done, year on year variations calculated, and the composite FSI figured out.

There were three analytical stages in practice. First, summary measures were computed for every variable across the whole ten-year span, this included averages, dispersion through standard deviations, and year on year growth rates. Second, time series plots were checked for turning points that line up with major policy actions, like the AQR, demonetisation, the

IBC enactment, the PCA framework, and the pandemic moratorium. Third, the FSI was computed for each year, using the equation set out in the methodology segment, after normalising each sub-indicator by the min–max transformation:

$$X_n = \frac{X - X_{min}}{X_{max} - X_{min}}$$

where X is the raw value, X_{min} and X_{max} are the minimum and maximum values observed in the sample, and X_n is the normalised value.

For the inflation-targeting analysis, the actual repo rate was compared with a Taylor rule benchmark. The output gap was approximated using deviations of actual GDP growth from a ten-year trend computed through a Hodrick–Prescott filter.

While simple, this approximation is sufficient for trend-level analysis.

For the NPA cycle, slippage and recovery rates were estimated from RBI's stress test results published in successive FSRs.

These were used to project a counterfactual NPA path in the absence of the AQR and IBC interventions, although the projection is illustrative rather than predictive.

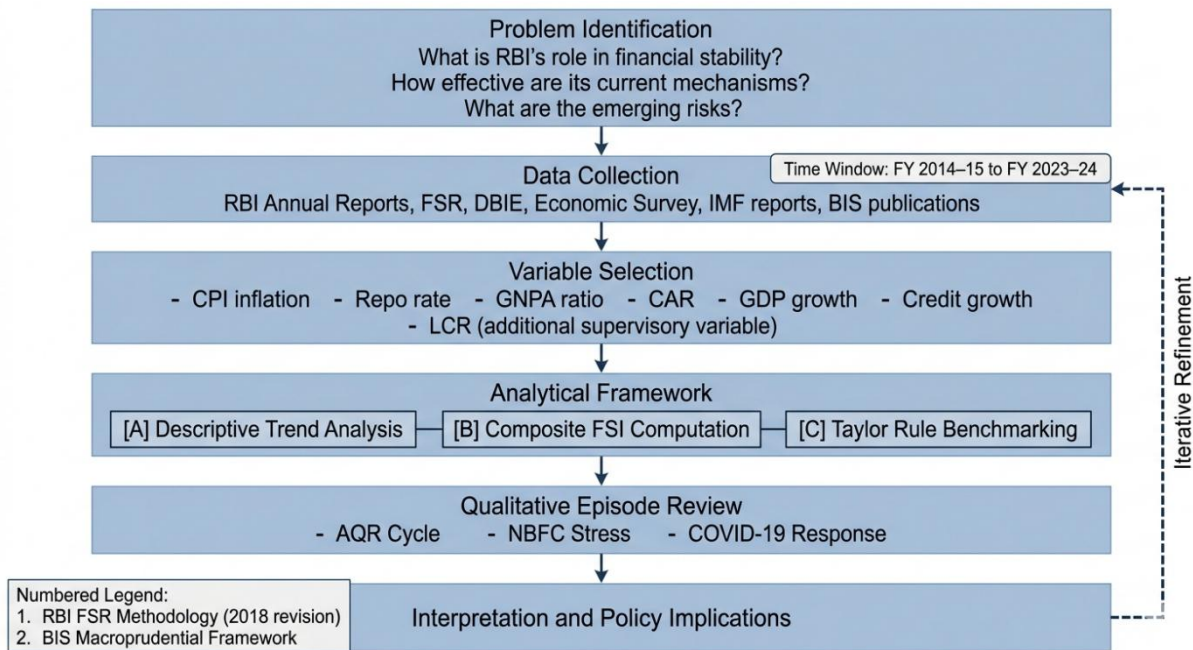


Figure 2: Research Methodology Flowchart

5. RESULTS

The decade-long analysis reveals significant improvements in India's financial stability indicators, although the path has not been smooth. The results are presented across four dimensions: monetary stability, banking sector health, credit cycle dynamics, and composite stability.

5.1 Monetary Stability

CPI inflation, the central anchor of monetary policy under FIT, has shown a clear pattern of moderation. The average inflation between FY 2016–17 and FY 2023–24 was approximately 5.2%, compared with averages above 8% in the pre-FIT period [19]. There were two notable episodes of breach: the COVID-19 supply shock period (2020–21) and the post-pandemic global commodity surge (2022–23), when headline inflation briefly crossed the upper tolerance band. The MPC responded with a calibrated 250-basis-point rate hike between May 2022 and February 2023, bringing the repo rate from 4.00% to 6.50%. By 2024, CPI inflation had returned to within the target

band, with core inflation easing more sharply than headline.

5.2 Banking Sector Health

The trajectory of banking sector indicators is the most striking result. The GNPA ratio of scheduled commercial banks fell from a peak of 11.2% in March 2018 to approximately 2.8% by June 2024. The net NPA ratio, which adjusts for provisioning, fell even more sharply to under 1%. This reflects the combined effect of recognition (AQR), provisioning (Basel III), recovery (IBC), and write-offs.

Capital adequacy improved in parallel. The system-wide CAR rose from around 13% in 2017 to over 16% in 2024, well above the Basel III minimum of 11.5% (including the capital conservation buffer). The CET1 ratio also strengthened, reflecting both retained earnings and capital infusions by the government into public sector banks. Return on assets (RoA) and return on equity (RoE) recovered from negative territory in 2017–18 to multi-year highs in 2023–24.

Table 1: Key Financial Stability Indicators (FY 2014–15 to FY 2023–24)

Year	CPI Inflation (%)	Repo Rate (%)	GNPA Ratio (%)	Net NPA (%)	CAR (%)	GDP Growth (%)	Credit Growth (%)
2014–15	5.9	7.50	4.6	2.5	12.9	7.4	9.0
2015–16	4.9	6.75	7.5	4.4	13.2	8.0	8.2
2016–17	4.5	6.25	9.6	5.5	13.6	8.3	4.5
2017–18	3.6	6.00	11.2	6.0	13.8	7.0	10.0
2018–19	3.4	6.25	9.1	3.7	14.3	6.5	13.3
2019–20	4.8	4.40	8.5	3.0	14.8	3.9	6.1
2020–21	6.2	4.00	7.5	2.4	16.0	-5.8	5.6
2021–22	5.5	4.00	5.9	1.7	16.7	9.1	9.6

2022–23	6.7	6.50	3.9	1.0	16.1	7.0	15.0
2023–24	5.4	6.50	2.8	0.6	16.8	8.2	16.3

Source: Compiled by author from RBI Annual Reports, Financial Stability Reports, and DBIE.

5.3 Credit Cycle Dynamics

Credit growth has shown a clear post-pandemic recovery. After dipping to below 6% in 2020–21, bank credit growth rose to over 15% in 2022–23 and 16% in 2023–24, driven by retail loans, services, and small business lending. Within this

aggregate, however, the personal loan and unsecured credit segments expanded much faster — at over 25% in some categories — prompting concerns about borrower over-leverage. In response, the RBI raised risk weights on consumer credit and unsecured loans to NBFCs in November 2023, a textbook example of macroprudential tightening.

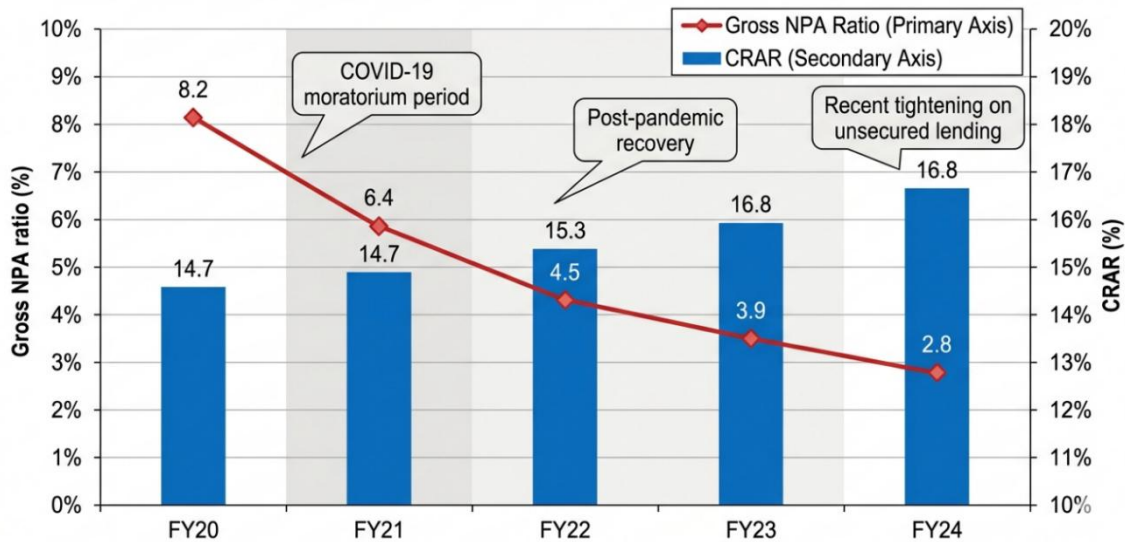


Figure 3: Trend of GNPA Ratio and Capital Adequacy Ratio (2014–2024)

5.4 Composite Financial Stability

The FSI computed for each year shows an overall upward trajectory with two visible dips — one during 2017–18 (banking stress) and another during 2020–21 (pandemic). The

FSI rose from approximately 0.42 in 2014–15 to 0.82 in 2023–24, indicating a roughly two-fold improvement in the composite stability score over the decade. The improvement was driven primarily by the GNPA decline and the CAR increase, with LCR providing additional cushion.

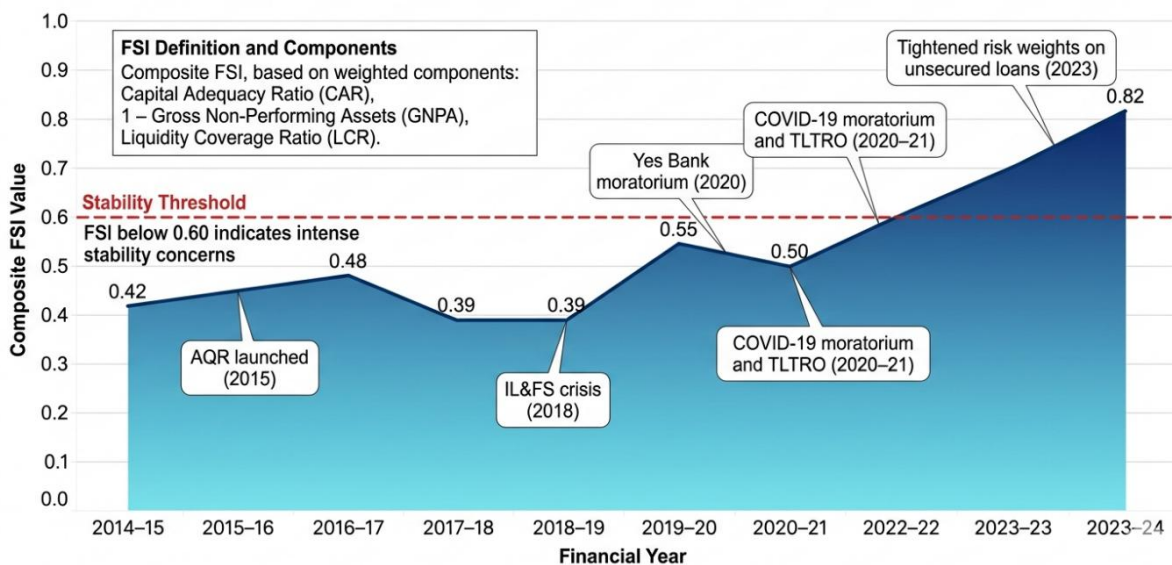


Figure 4: Composite Financial Stability Indicator (FSI) Trend (2014–2024)

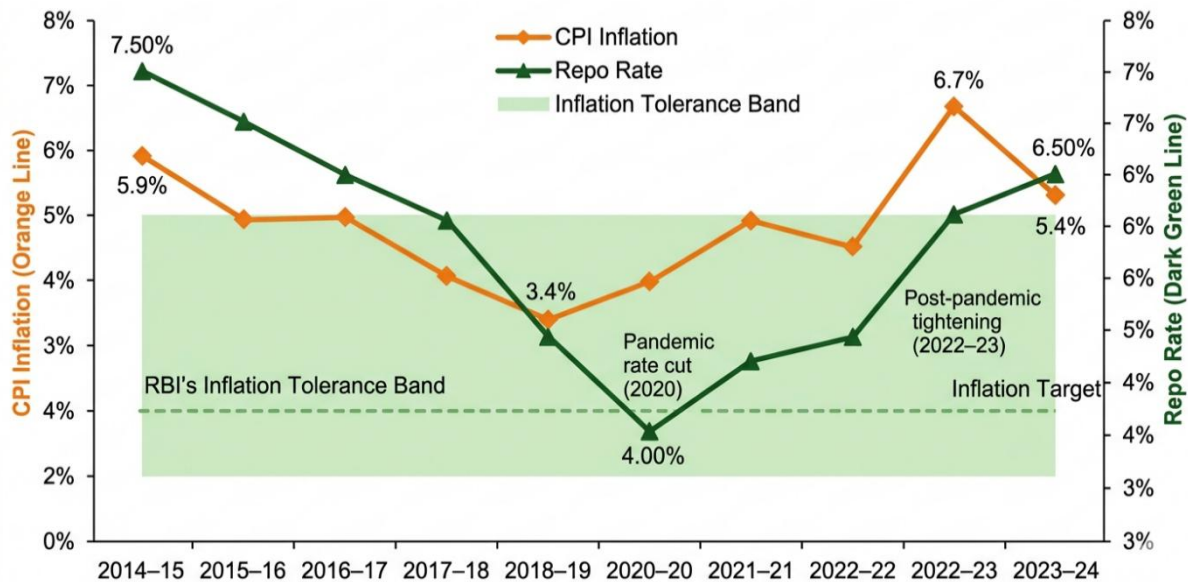


Figure 5: Inflation Trajectory vs Repo Rate (2014–2024)

The combined results across these four dimensions support a clear conclusion: the Indian financial system has become substantially more resilient over the past decade, even as it has faced repeated stress episodes. The RBI's framework, far from being passive, has actively shaped this outcome through a combination of timely interventions and structural reforms.

6. DISCUSSION

The results confirm that the RBI's multi-layered approach to financial stability has produced tangible improvements, but they also highlight important nuances and ongoing challenges. Three broad themes emerge from the analysis.

First, the *coordinated nature of interventions* has been critical. The AQR, recapitalisation, IBC, and PCA framework were not isolated measures but parts of an integrated response to the NPA crisis. The AQR forced recognition of hidden stress, recapitalisation provided capital cushion, the IBC offered a structured resolution route, and the PCA framework prevented further deterioration of weak banks. Looked at individually, each measure had limitations — for instance, the IBC has faced criticism over delays and haircuts — but in combination, they produced a significant turnaround. This coordinated approach is a model that other emerging market central banks could learn from.

Second, the *pandemic response* deserves particular attention. The RBI cut the repo rate by 115 basis points in 2020, announced targeted long-term repo operations to channel liquidity to specific sectors, allowed a six-month loan moratorium, and introduced a one-time restructuring window for stressed borrowers. The combination of monetary easing, liquidity support, and regulatory flexibility prevented a sudden spike in bad loans during the pandemic. Equally important, the subsequent normalisation was gradual and well-communicated, avoiding the kind of disruption seen in some other economies. By 2024, the GNPA ratio had not only avoided a pandemic-

driven spike but actually reached a decadal low, indicating that the policy mix worked.

Third, *emerging risks* require continued vigilance. Four areas warrant attention. The first is the rapid growth of unsecured retail credit, which has expanded at over 25% annually in some sub-segments. While this growth supports consumption and inclusion, it also creates the risk of borrower over-leverage and future delinquencies. The RBI's preemptive risk-weight increases in November 2023 are a sensible response, but continued monitoring is essential.

The second is the NBFC sector, which remains structurally interconnected with banks and mutual funds. The IL&FS and DHFL episodes demonstrated how stress in a single large NBFC can spread quickly. The scale-based regulatory framework introduced in 2022 partly addresses this, but the largest NBFCs may need treatment closer to bank-like supervision over time.

The third is cyber and operational risk. India's digital payment infrastructure is among the world's most advanced, but it is also a target for cyberattacks and operational failures. Outages at major banks, frauds in digital wallets, and ransomware attacks on financial institutions have all increased in frequency. The RBI's emphasis on cyber resilience, its digital payment security guidelines, and its work on the e-rupee reflect awareness of these risks, but operational resilience needs to be elevated to a first-order concern.

The fourth is climate-related financial risk. India's economy is highly exposed to climate transition risks (carbon-intensive industries) and physical risks (agriculture, coastal infrastructure). The RBI's NGFS membership and draft disclosure guidelines are early steps. Building capacity for climate stress testing, integrating climate factors into supervisory expectations, and aligning with global standards will be important over the next five years.

The Indian experience also illustrates a *broader lesson* about central bank mandates. While the RBI's primary statutory

objective under FIT is inflation control, its actual responsibilities span a much wider domain. The flexibility built into the Indian framework — where macroprudential and supervisory tools complement monetary policy — has been a source of strength. This contrasts with some advanced economies where the strict separation of mandates has occasionally caused coordination problems.

At the same time, the discussion would be incomplete without acknowledging *limitations*. The composite FSI used in this study is a simplified construct and does not capture all dimensions of stability, particularly market and currency risks. The qualitative analysis is based on published policy documents rather than internal supervisory data. The improvement in indicators may also partly reflect cyclical factors — strong post-pandemic recovery, benign global financial conditions until 2022, and government recapitalisation support — and not only structural strengthening. Future research could refine the indicator using market-based measures, cross-country comparisons, and forward-looking stress test outputs.

7. CONCLUSION

The Reserve Bank of India has played, and continues to play, a defining role in maintaining financial stability in one of the world's largest and most dynamic economies. Through a combination of monetary policy, prudential regulation, supervisory action, and crisis management, the RBI has built a layered framework that has demonstrably strengthened the Indian financial system over the past decade. The fall in the GNPA ratio from 11.2% to 2.8%, the rise in capital adequacy from 13% to nearly 17%, the anchoring of inflation expectations under the flexible inflation targeting regime, and the smooth functioning of the payment system through global and domestic shocks together provide strong evidence of this strengthening.

The study's findings can be summarised in three points. First, the RBI's approach is most effective when its instruments are used in a coordinated manner — as seen in the combined deployment of the AQR, recapitalisation, IBC, and PCA framework during the NPA cycle. Second, the central bank has shown the ability to respond decisively to crises, as demonstrated by its handling of the IL&FS episode, the Yes Bank resolution, and the pandemic. Third, the framework continues to evolve, with recent initiatives in scale-based NBFC regulation, cyber resilience, central bank digital currency, and climate risk disclosure indicating awareness of new challenges. Going forward, several priorities deserve attention. The unsecured retail credit segment needs continued macroprudential vigilance. NBFC supervision must keep pace with the sector's growing systemic importance. Cyber and operational resilience should be treated as a first-order concern, not as an addition to traditional prudential supervision. Climate-related financial risks require an accelerated effort to build measurement, disclosure, and stress-testing capacity. Coordination among the RBI, SEBI, IRDAI, and PFRDA through the Financial Stability and Development Council should be deepened, particularly for cross-sector risks such as fintech, cross-holdings, and group-level exposures.

For policymakers and practitioners, the broader lesson is that financial stability is a dynamic and contested goal. It cannot be achieved once and forgotten; it must be defended continuously against shifting risks. The RBI's adaptive, layered, and forward-looking framework provides a useful template, but it must continue to evolve. The institutions, instruments, and information systems built up over the past decade put India in a strong position to navigate the next phase of financial development. The study concludes that the RBI's evolving role has been, and will remain, central to safeguarding India's financial stability in an increasingly complex global environment.

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