

Banking sector in India remained resilient during 2024-25, supported by a strong balance sheet, sustained profitability and improved asset quality. Bank credit and deposit growth continued in double-digits, albeit with a moderation. Capital and liquidity buffers remained well above the regulatory requirements across bank groups. Strong banking sector fundamentals provide a buffer against risks, which together with prudent regulation create conditions for sustained credit flow.

Introduction¹

IV.1 The Indian commercial banking sector remained resilient during 2024-25, supported by double-digit balance sheet expansion. Deposits and credit of scheduled commercial banks grew in double digits, *albeit* with a moderation from last year. The transmission of policy rate easing during 2025 to deposit and lending rates continued. Profitability of scheduled commercial banks remained robust with an increase in return on assets. Banks maintained their strong capital position with capital to risk-weighted assets ratio and leverage ratio remaining well above the regulatory requirements. Asset quality strengthened further, with gross non-performing assets ratio declining to a multi-decadal low and slippage ratio falling for the fifth consecutive year. Liquidity buffers remained strong with liquidity coverage ratio and net stable funding ratio well above the regulatory requirements across bank-groups. Differentiated banks serving niche areas also witnessed a growth in their scale of operations, with performance indicators remaining broadly robust.

IV.2 The volume and value of digital payments continued to register healthy growth, with a sustained pickup in unified payments interface (UPI) transactions. Advancement in digital

payments ecosystem, in turn, is furthering financial inclusion. On October 1, 2025, the Reserve Bank proposed several measures to broaden the scope of banks' lending activities, promote ease of doing business, and enhance protection of consumers' interest, including bolstering the deposit insurance framework, for strengthening the resilience and competitiveness of the banking sector.

IV.3 Against this backdrop, this chapter is organised into 17 sections. Balance sheet developments are analysed in Section 2, followed by an assessment of financial performance and soundness in Sections 3 and 4, respectively. Section 5 focuses on bank credit and its sectoral dynamics. Commercial banks' ownership pattern is discussed in Section 6, followed by corporate governance in Section 7. Operations of foreign banks in India and overseas operations of Indian banks are discussed in Section 8, followed by developments in payment systems (Section 9), technology adoption (Section 10), consumer protection (Section 11), and financial inclusion (Section 12). Developments relating to regional rural banks, local area banks, small finance banks, and payments banks are set out in Sections 13 to 16. An overall assessment of the domestic commercial banking system in Section 17 completes the chapter.

¹ Throughout this chapter, unless explicitly stated otherwise, data for scheduled commercial banks and private sector banks from July 2023 onwards are inclusive of merger of a non-bank with a private sector bank.

2. Balance Sheet Analysis

IV.4 At end-March 2025, India's commercial banking sector consisted of 12 public sector banks (PSBs), 21 private sector banks (PVBs), 44 foreign banks (FBs), 11 small finance banks (SFBs), six payments banks (PBs), 43 regional rural banks (RRBs), and two local area banks (LABs).² Out of these 139 commercial banks,

135 were classified as scheduled banks, while four were non-scheduled.³

IV.5 The consolidated balance sheet of scheduled commercial banks (SCBs) (excluding RRBs) increased by 11.2 per cent during 2024-25 as compared with 15.5 per cent during 2023-24 (Table IV.1 and Appendix Table IV.1). On the assets side, bank credit and investments

Table IV.1: Consolidated Balance Sheet of Scheduled Commercial Banks

(At end-March)

(₹ crore)

Item	Public Sector Banks		Private Sector Banks		Foreign Banks		Small Finance Banks		Payments Banks		Scheduled Commercial Banks	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Capital	72,877	75,209	32,832	33,781	1,18,319	1,37,462	7,844	8,307	5,001	5,303	2,36,873	2,60,063
2. Reserve and Surplus	9,56,917	11,32,923	12,14,000	14,19,882	1,79,507	2,05,019	32,957	36,339	-2,365	-2,141	23,81,016	27,92,021
3. Deposits	1,29,04,944	1,41,96,270	75,61,434	85,02,193	10,08,119	11,08,188	2,50,896	3,15,401	16,184	25,131	2,17,41,578	2,41,47,183
3.1. Demand Deposits	8,00,415	9,52,585	9,88,296	10,65,197	3,46,863	3,83,121	10,895	13,685	76	89	21,46,546	24,14,678
3.2. Savings Bank Deposits	41,83,455	43,18,072	20,23,907	21,41,306	57,827	63,020	59,691	68,666	16,108	25,042	63,40,988	66,16,106
3.3. Term Deposits	79,21,074	89,25,613	45,49,230	52,95,690	6,03,430	6,62,046	1,80,310	2,33,050	0	0	1,32,54,044	1,51,16,400
4. Borrowings	10,24,003	11,84,026	12,84,429	11,64,192	2,03,073	3,37,436	28,255	30,022	713	1,930	25,40,474	27,17,607
5. Other Liabilities and Provisions	5,34,493	5,53,322	4,28,932	4,62,542	1,96,692	2,63,798	15,328	15,394	5,135	6,320	11,80,579	13,01,376
Total Liabilities/Assets	1,54,93,234	1,71,41,751	1,05,21,628	1,15,82,590	17,05,711	20,51,903	3,35,280	4,05,463	24,668	36,543	2,80,80,520	3,12,18,250
1. Cash and Balances with RBI	6,18,769	7,08,963	5,32,750	5,60,941	1,05,980	1,26,006	17,503	26,780	3,004	3,555	12,78,007	14,26,245
2. Balances with Banks and Money at Call and Short Notice	4,34,252	5,42,068	1,89,051	2,86,458	74,865	1,46,574	6,259	5,777	4,313	6,488	7,08,740	9,87,364
3. Investments	40,50,865	42,68,092	23,23,647	26,37,218	8,07,328	9,26,786	74,283	87,286	14,286	23,445	72,70,409	79,42,827
3.1 In Government Securities (a+b)	34,84,382	35,89,786	19,88,718	22,47,035	7,35,661	8,40,631	63,873	70,755	14,271	23,418	62,86,905	67,71,625
a) In India	34,23,192	35,14,009	19,73,422	22,24,022	7,25,476	7,94,906	63,873	70,755	14,271	23,418	62,00,234	66,27,110
b) Outside India	61,190	75,777	15,296	23,013	10,185	45,725	0	0	0	0	86,671	1,44,515
3.2 Other Approved Securities	5	149	0	0	0	0	0	0	0	0	5	149
3.3 Non-approved Securities	5,66,477	6,78,157	3,34,929	3,90,183	71,667	86,155	10,410	16,531	15	27	9,83,499	11,71,053
4. Loans and Advances	95,06,329	1,07,50,234	68,61,388	74,76,925	5,48,443	6,19,967	2,26,148	2,72,481	0	0	1,71,42,309	1,91,19,608
4.1 Bills Purchased and Discounted	3,57,393	4,04,154	1,50,663	1,54,634	85,242	88,163	1,444	3,097	0	0	5,94,742	6,50,048
4.2 Cash Credits, Overdrafts, etc.	33,64,717	39,02,589	19,59,717	23,25,667	2,38,921	2,71,680	26,945	38,359	0	0	55,90,301	65,38,295
4.3 Term Loans	57,84,218	64,43,492	47,51,009	49,96,625	2,24,280	2,60,124	1,97,758	2,31,024	0	0	1,09,57,266	1,19,31,265
5. Fixed Assets	1,18,864	1,28,705	56,768	65,826	5,956	6,042	3,353	4,205	1,189	1,354	1,86,130	2,06,132
6. Other Assets	7,64,154	7,43,689	5,58,022	5,55,220	1,63,139	2,26,527	7,733	8,936	1,876	1,701	14,94,925	15,36,073

Notes: 1. Data for SCBs exclude RRBs.

2. Components may not add up to their respective totals as numbers have been rounded-off to ₹ crore.

3. Detailed bank-wise data on annual accounts are collated and published in Statistical Tables Relating to Banks in India, which is being released simultaneously with this Report and is available at <https://data.rbi.org.in>.

Source: Annual accounts of respective banks.

² The number of SFBs declined from 12 to 11 in 2024-25 following the merger of one SFB with another, effective April 1, 2024.

³ Commercial banks are classified into scheduled and non-scheduled based on their inclusion or otherwise in the second schedule of the RBI Act, 1934. At end-March 2025, two PBs, *viz.*, Jio Payments Bank Ltd. and NSDL Payments Bank Ltd. and two LABs, *viz.*, Coastal Local Area Bank Ltd. and Krishna Bhima Samruddhi Local Area Bank Ltd. were non-scheduled commercial banks.

increased by 11.5 per cent and 9.2 per cent, respectively, in 2024-25. On the liabilities side, deposits increased by 11.1 per cent in 2024-25.

IV.6 Excluding the impact of merger, the growth in bank credit and investments was 12.5 per cent and 9.9 per cent, respectively, during 2024-25 as compared with 16.0 per cent and 11.6 per cent, respectively, in 2023-24. Deposit growth, excluding the impact of merger, was 11.4 per cent in 2024-25 as compared with 13.4 per cent a year ago (Chart IV.1).

IV.7 The share of PSBs in the consolidated balance sheet of SCBs declined to 54.9 per cent at end-March 2025 from 55.2 per cent at end-March 2024. The share of PVBs also moderated marginally to 37.1 per cent from 37.5 per cent over the same period. In contrast, the share of FBs, SFBs and PBs increased during 2024-25. Further, the share of PSBs in total advances of SCBs increased to 56.2 per cent, while their share in total deposits decreased to 58.8 per cent.

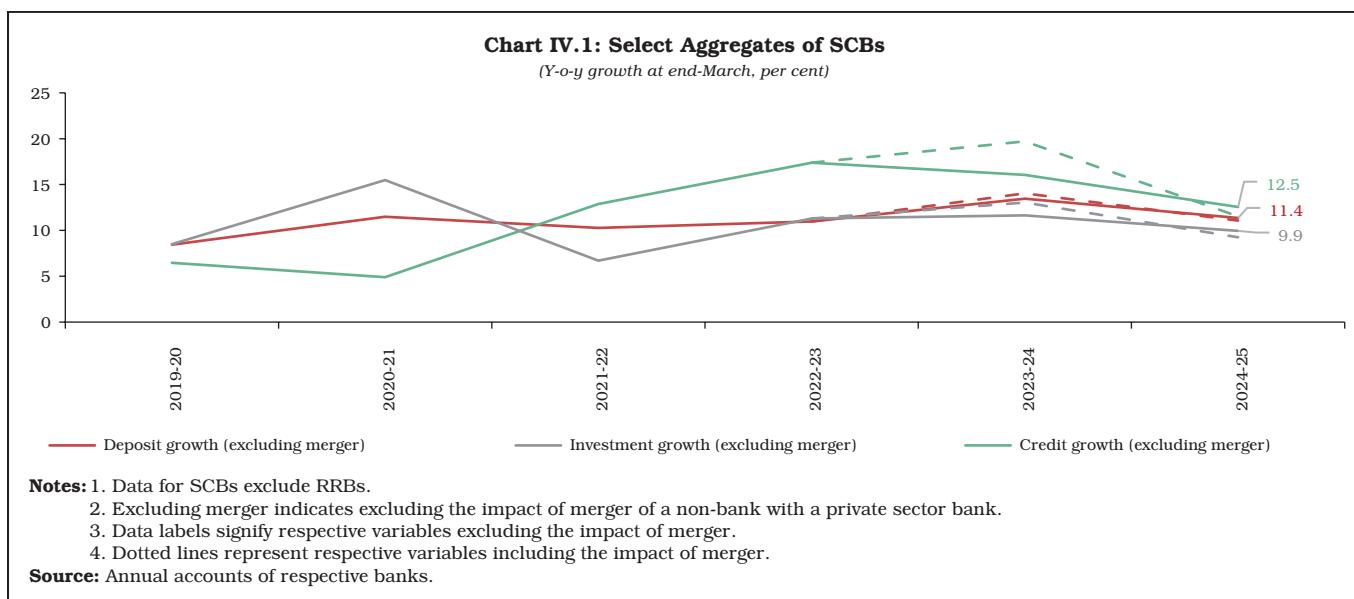
IV.8 The composition of consolidated balance sheet of SCBs in terms of deposits, borrowings,

investments and loans during 2024-25, remained broadly similar to that of the previous year. The composition, however, varied across bank groups (Chart IV.2). The share of deposits in the total liabilities of PVBs increased amidst a reduction in the share of borrowings. The share of deposits in the total liabilities of PSBs declined.

2.1 Liabilities

IV.9 Deposit growth of SCBs moderated in 2024-25, led by private and foreign banks (Chart IV.3a). Component-wise, the moderation was mainly driven by a slowdown in growth of term deposits. The weighted average term deposit rate of SCBs increased by 259 basis points (bps) against the cumulative increase in policy repo rate by 250 bps during the tightening phase (May 2022-January 2025). In the subsequent easing phase, weighted average term deposit rate of SCBs declined by 105 bps (up to October 2025) following a 100 bps cut in the policy repo rate (February-June 2025)⁴. Public sector banks exhibited relatively higher transmission to deposit rates than private sector banks (Charts IV.3b and c).

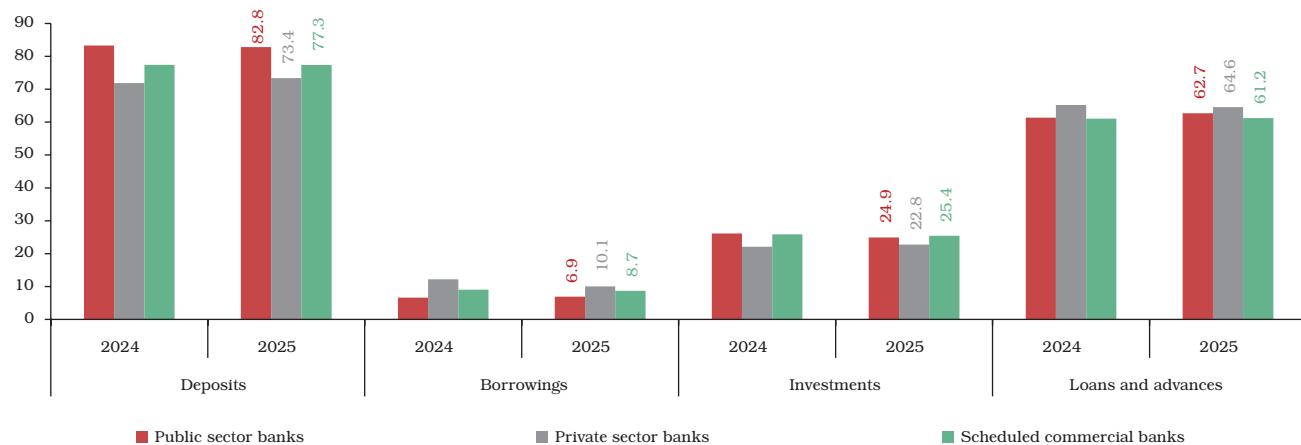
Chart IV.1: Select Aggregates of SCBs
(Y-o-y growth at end-March, per cent)



⁴ Policy repo rate was further reduced by 25 bps to 5.25 per cent on December 5, 2025.

Chart IV.2: Bank Group-wise Balance Sheet Composition

(Share of total assets/liabilities at end-March in per cent)

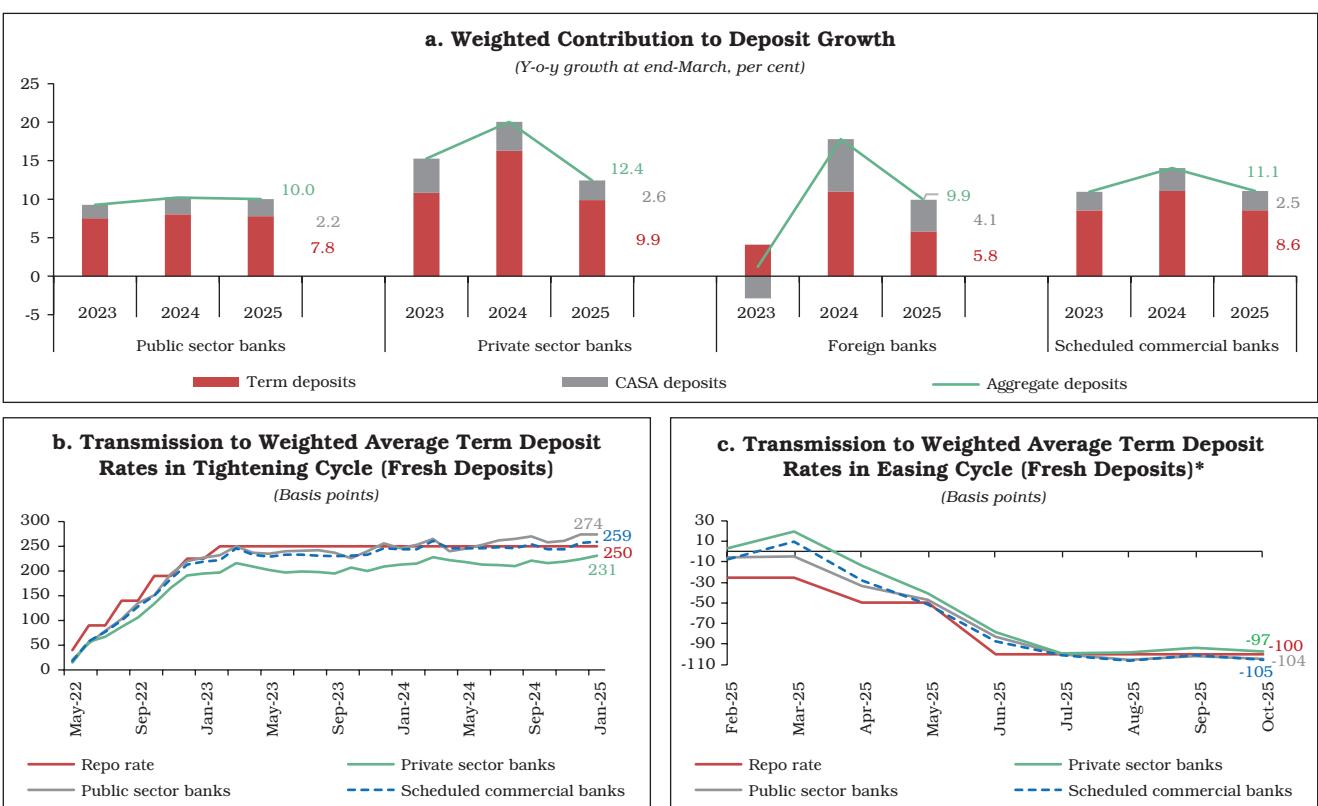


Note: Data for SCBs exclude RRBs.
Source: Annual accounts of respective banks.

2.2 Assets

IV.10 Bank credit growth moderated during 2024-25 across the bank groups (Chart IV.4).

IV.11 The transmission of policy repo rate changes to lending rates varied during different phases and across bank groups. SCBs passed on

Chart IV.3: Bank Deposit Growth and Monetary Transmission to Banks' Deposit Rates

CASA: Current accounts and savings accounts.

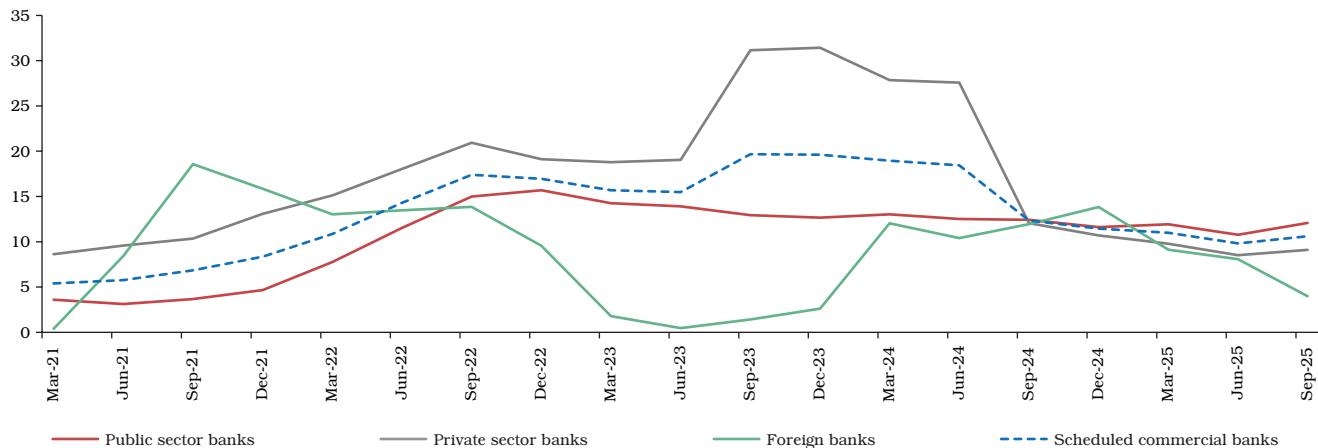
*: Policy repo rate was further reduced by 25 bps to 5.25 per cent on December 5, 2025.

Note: Data for SCBs exclude RRBs.

Sources: Annual accounts of banks and RBI.

Chart IV.4: Bank Group-wise Credit Growth

(Y-o-y, per cent)



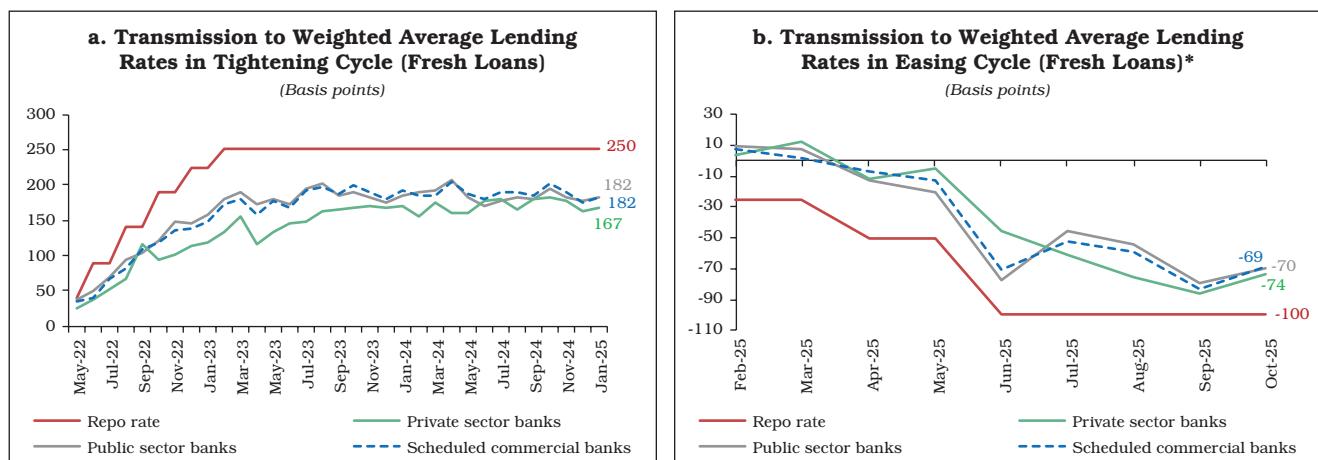
Note: Data for SCBs exclude RRBs.

Source: Spatial Distribution of Deposits and Credit, RBI.

182 bps of the 250 bps increase in the policy repo rate (May 2022–January 2025) to the weighted average lending rate on fresh loans during the tightening phase. During the subsequent easing phase, transmission was 69 bps (up to October 2025) against a 100 bps policy repo rate cut (February-June 2025)⁵. Transmission has been asymmetric between PSBs and PVBs (Charts IV.5 a and b).

IV.12 SCBs' investments growth decelerated during 2024-25 led by statutory liquidity ratio (SLR) investments. The share of SLR approved securities in SCBs' total investments declined to 80.8 per cent at end-March 2025 from 82.0 per cent a year ago (Chart IV.6a). Central government securities dominated SCBs' SLR investments, while non-SLR investments were majorly in debt securities. The share of state government securities and equities in SLR and

Chart IV.5: Monetary Transmission to Banks' Lending Rates

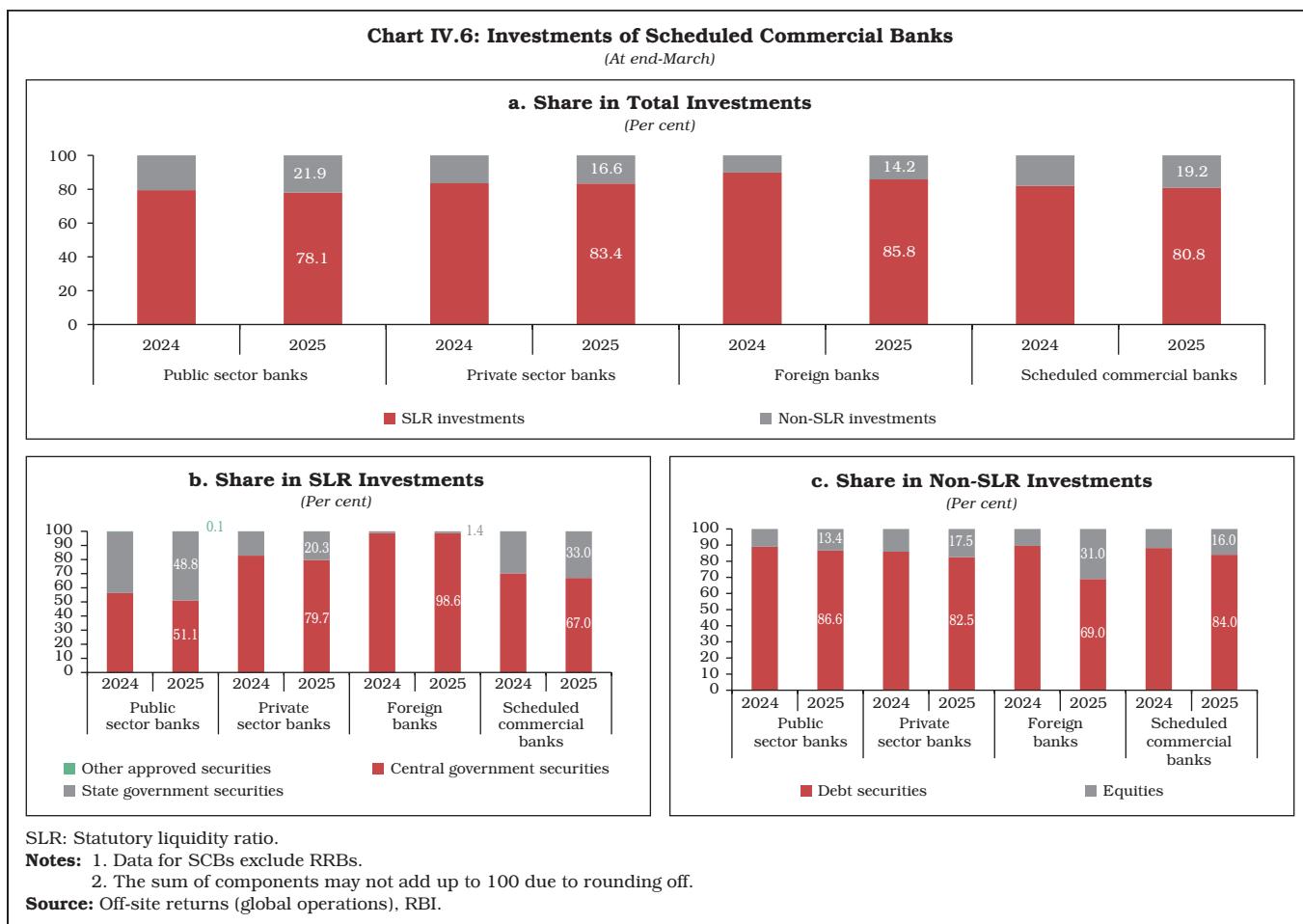


*: Policy repo rate was further reduced by 25 bps to 5.25 per cent on December 5, 2025.

Note: Data for SCBs exclude RRBs.

Source: RBI.

⁵ Policy repo rate was further reduced by 25 bps to 5.25 per cent on December 5, 2025.



non-SLR investments, respectively, increased during the year (Charts IV.6b and c).

IV.13 The credit-deposit growth gap narrowed during 2024-25 as compared with the previous year (Chart IV.7). The credit-deposit ratio of SCBs, however, stood higher at 79.2 per cent at end-March 2025 as compared with 78.8 per cent at end-March 2024. At end-November 2025, credit-deposit ratio of SCBs stood at 80.5 per cent.⁶

2.3 Maturity Profile of Assets and Liabilities

IV.14 Maturity mismatches between assets and liabilities are inherent to the banking system, as deposits — the main source of funds — are

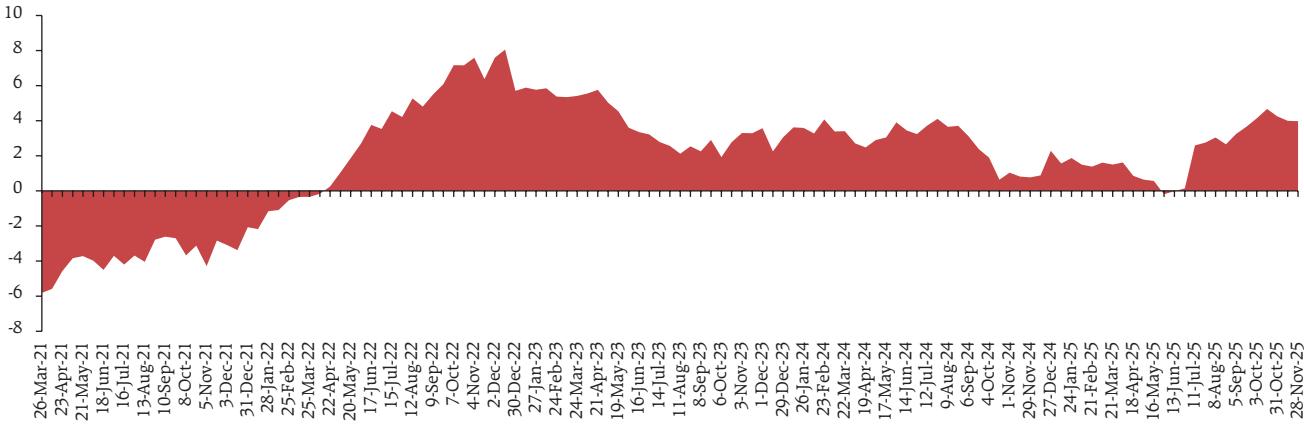
generally of short- to medium-term tenors, whereas loans are generally extended for the medium term. During 2024-25, maturity mismatch widened in the short-term⁷ bucket as compared to the previous year, although it remained low relative to the pre-pandemic levels (Chart IV.8).

IV.15 At end-March 2025, the share of short-term deposits in total deposits increased across all bank groups. These deposits remained the dominant category for all bank groups, except payments banks. The share of short-term borrowings increased for SCBs, led by private and foreign banks. Loans and advances of

⁶ Based on fortnightly Section-42 return. The data corresponds to the fortnight ended November 28, 2025.

⁷ Short-term is defined as up to one year, medium term is over one year and up to five years, while long-term is defined as over five years.

Chart IV.7: Gap in Credit-Deposit Growth
(Percentage point)



Notes: 1. Data from July 1, 2023 till June 27, 2025 excludes the impact of merger of a non-bank with a private sector bank.

2. Gap in credit-deposit growth is calculated as the difference between credit growth and deposit growth.

Source: RBI.

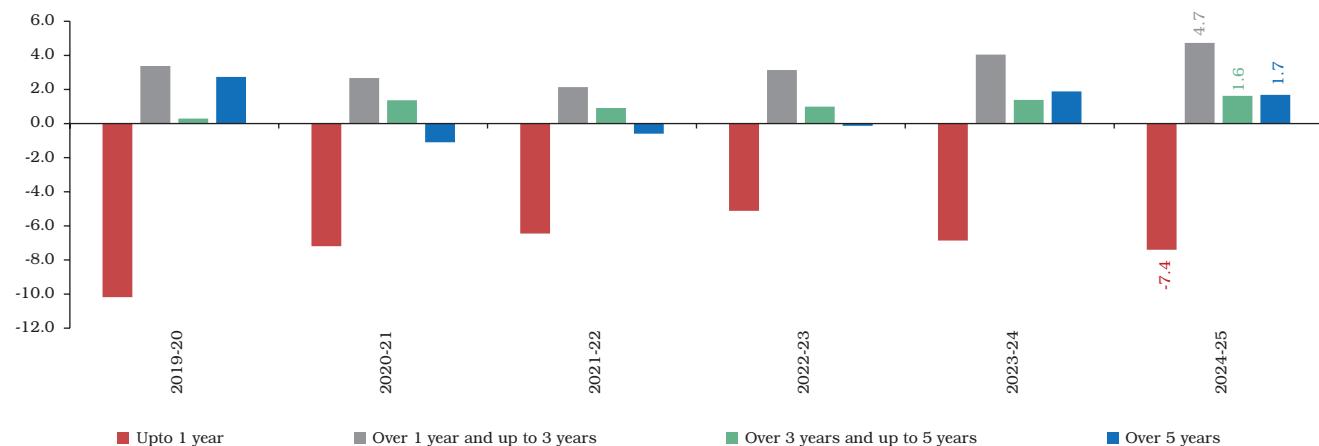
both PSBs and PVBs were concentrated in the medium-term category. PSBs' investments were typically in long-term instruments, while all other bank groups preferred short-term exposures (Table IV.2).

2.4 International Liabilities and Assets

IV.16 The ratio of international assets to liabilities of Indian banks increased in 2024-

25, following two consecutive years of decline (Chart IV.9). The growth of international assets of Indian banks increased during the year on account of increase in NOSTRO balances and placements abroad, loans to non-residents, and foreign currency loans to residents. The growth of international liabilities of banks in India decelerated mainly due to a deceleration in growth of non-resident ordinary (NRO) rupee

Chart IV.8: Maturity Bucket-wise Assets and Liabilities Gap
(Per cent of total assets/liabilities)



Notes: 1. Assets consist of loans and advances and investments.
2. Liabilities consist of deposits and borrowings.

3. Gap is calculated as assets minus liabilities.

Source: Annual accounts of banks.

Table IV.2: Bank Group-wise Maturity Profile of Select Liabilities/Assets
(At end-March)

Liabilities/Assets	PSBs		PVBs		FBs		SFBs		PBs		SCBs		
			2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	
	1	2	3	4	5	6	7	8	9	10	11	12	13
I. Deposits													
a) Up to 1 year	38.4	39.6	39.3	39.4	62.2	63.3	49.0	55.7	22.6	29.1	39.9	40.8	
b) Over 1 year and up to 3 years	22.0	21.7	27.9	26.2	30.7	29.8	44.8	38.5	77.4	70.9	24.7	24.0	
c) Over 3 years and up to 5 years	11.0	10.8	8.3	8.9	7.1	6.9	4.5	3.9	0.0	0.0	9.8	9.9	
d) Over 5 years	28.7	27.9	24.5	25.4	0.0	0.0	1.7	1.8	0.0	0.0	25.6	25.4	
II. Borrowings													
a) Up to 1 year	58.1	53.1	33.8	44.7	82.8	89.8	51.3	48.5	100.0	93.3	47.7	54.0	
b) Over 1 year and up to 3 years	16.7	16.0	37.8	27.0	16.2	8.5	35.7	34.6	0.0	6.7	27.5	20.0	
c) Over 3 years and up to 5 years	6.9	7.4	9.9	9.8	0.4	0.4	7.3	9.1	0.0	0.0	7.9	7.6	
d) Over 5 years	18.3	23.6	18.6	18.5	0.6	1.4	5.8	7.7	0.0	0.0	16.9	18.5	
III. Loans and Advances													
a) Up to 1 year	28.0	28.4	27.3	28.6	59.5	58.7	37.7	38.1	-	-	28.9	29.6	
b) Over 1 year and up to 3 years	36.5	36.1	34.6	34.8	23.8	23.6	36.0	32.6	-	-	35.3	35.1	
c) Over 3 years and up to 5 years	12.1	11.5	12.5	12.3	8.2	8.7	10.1	11.6	-	-	12.1	11.7	
d) Over 5 years	23.4	24.0	25.6	24.3	8.5	8.9	16.3	17.7	-	-	23.7	23.5	
IV. Investments													
a) Up to 1 year	22.4	21.5	58.6	59.9	83.9	83.6	68.6	68.2	99.2	92.8	41.4	42.2	
b) Over 1 year and up to 3 years	16.2	13.5	17.2	15.1	10.4	9.9	25.9	25.1	0.4	2.6	16.0	13.7	
c) Over 3 years and up to 5 years	11.9	15.4	6.1	6.3	1.6	2.2	4.0	4.9	0.1	0.8	8.8	10.7	
d) Over 5 years	49.4	49.6	18.1	18.7	4.1	4.4	1.5	1.8	0.3	3.8	33.8	33.4	

- : Not applicable.

Notes: 1. Figures denote share of each maturity bucket in each component of the balance sheet.

2. The sum of components may not add up to 100 due to rounding off.

3. Data for SCBs exclude RRBs.

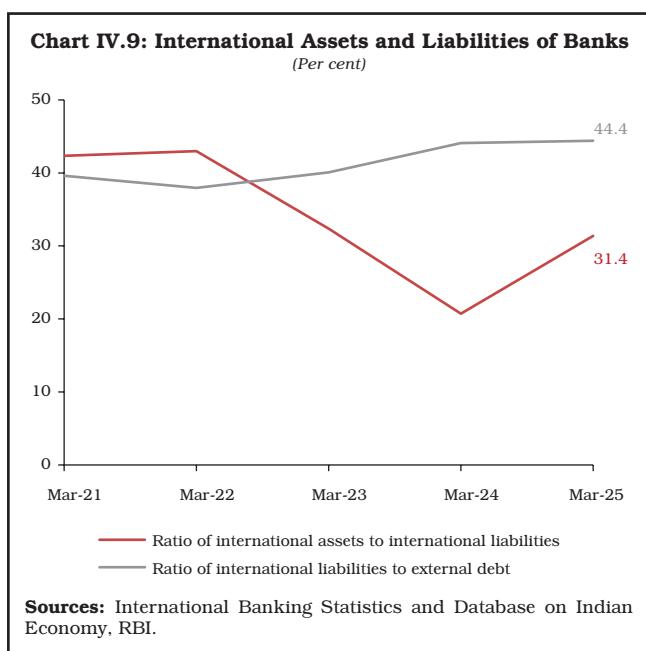
Source: Annual accounts of banks.

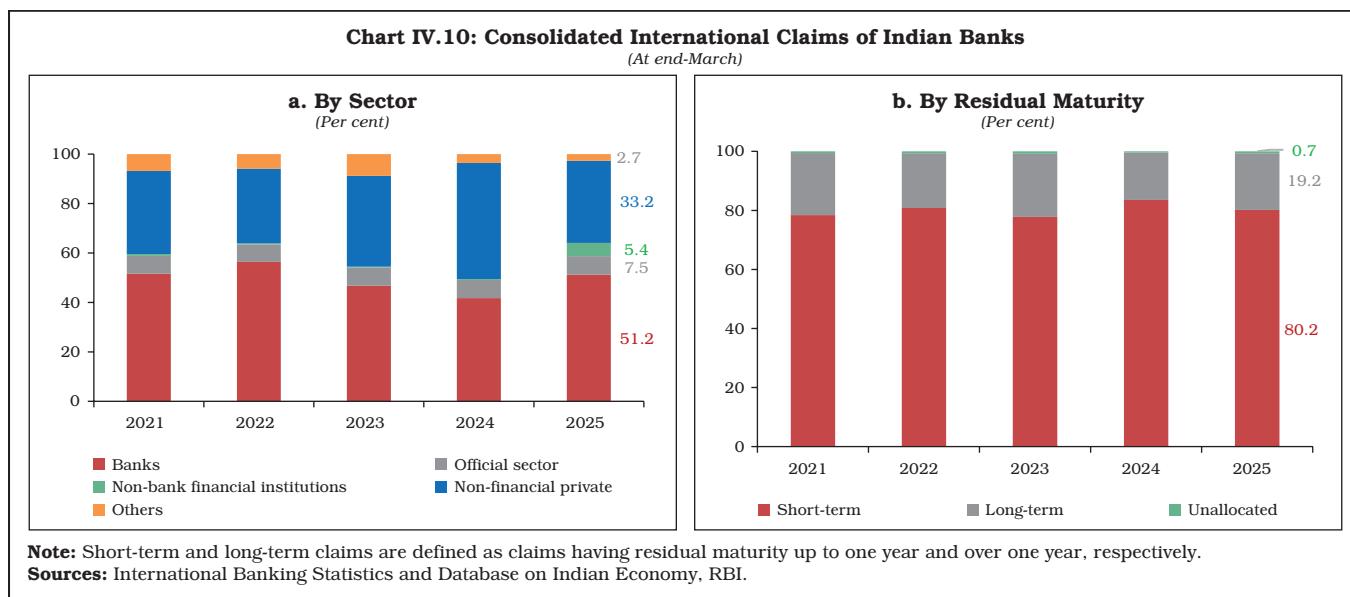
accounts and equities of banks held by non-residents (Appendix Tables IV.2 and IV.3).

IV.17 The consolidated international claims of Indian banks on all the major economies, except Hong Kong, increased during 2024-25 (Appendix Table IV.4). The share of Indian banks' international claims on non-financial private sector moderated while the claims on banks and non-bank financial institutions increased (Chart IV.10a and Appendix Table IV.5). In terms of residual maturity, a majority of the international claims was short-term in nature, notwithstanding a decline in its share during 2024-25 (Chart IV.10b).

2.5 Off-Balance Sheet Operations

IV.18 Growth in contingent liabilities of SCBs accelerated during 2024-25, primarily driven by growth in forward exchange contracts. The off-



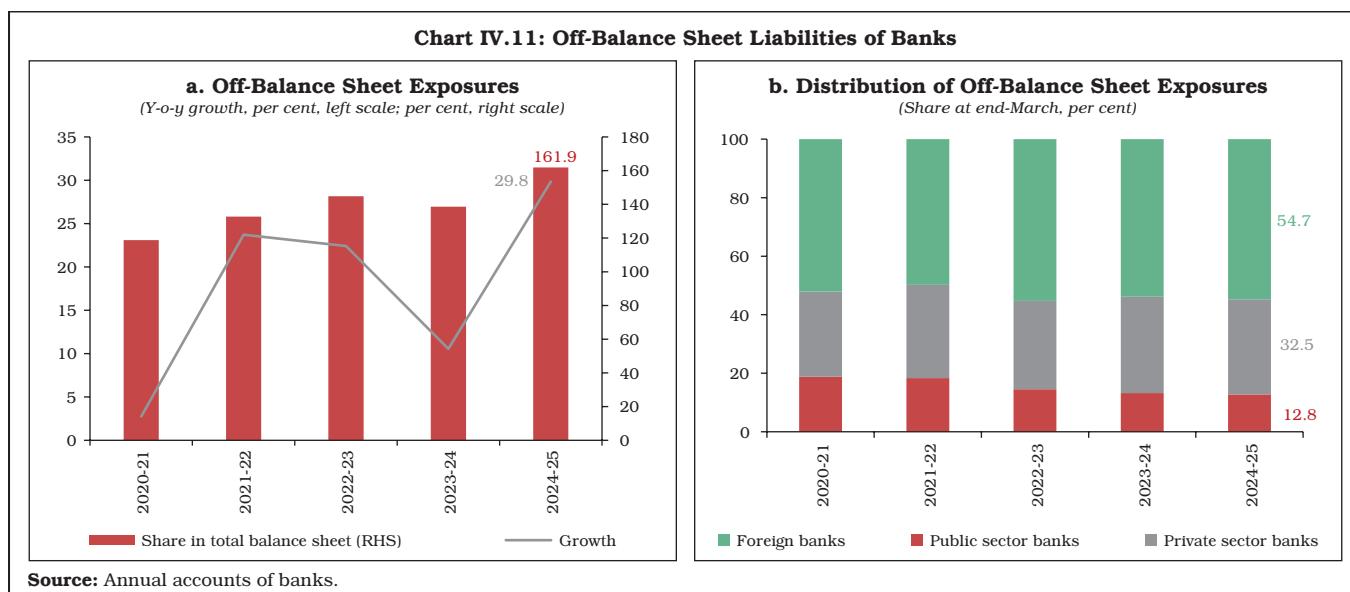


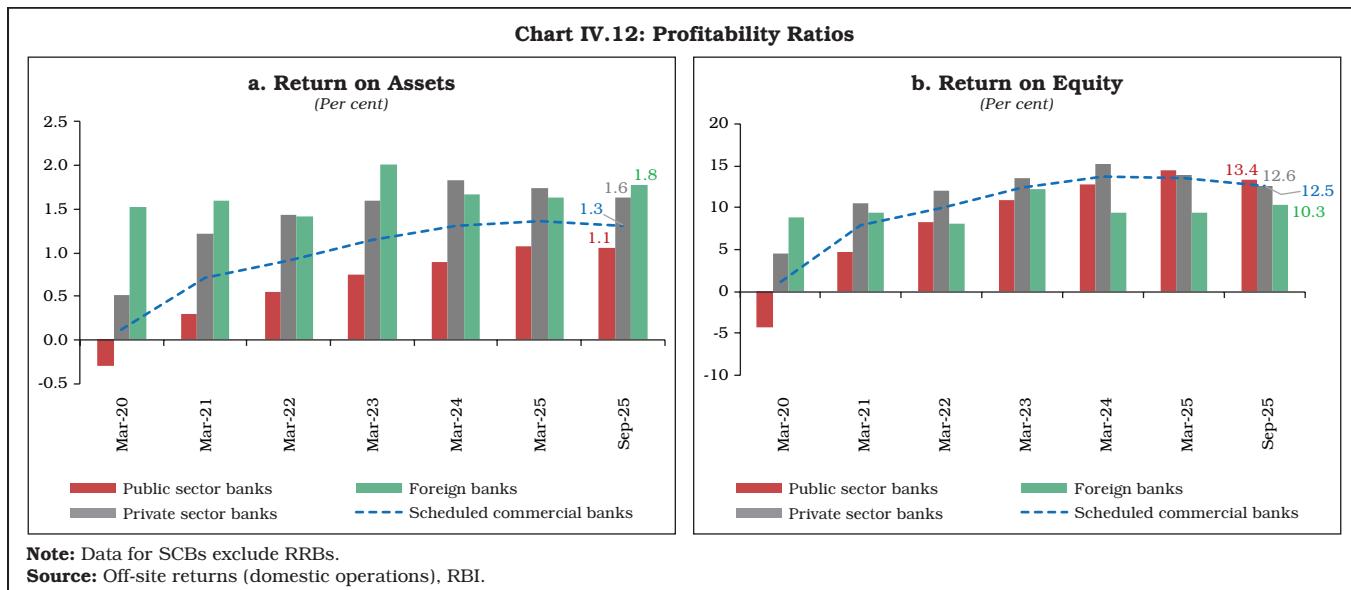
balance sheet exposure of SCBs, as a proportion of their balance sheet size, increased to 161.9 per cent at end-March 2025 from 138.6 per cent at end-March 2024 (Chart IV.11a and Appendix Table IV.6). Foreign banks accounted for more than half of the total off-balance sheet exposures of SCBs. The share of PVBs in contingent liabilities of the banking sector increased from 29.1 per cent at end-March 2021 to 32.5 per cent at end-March 2025, while that of PSBs fell

from 18.8 per cent to 12.8 per cent at end-March 2025 (Chart IV.11b).

3. Financial Performance

IV.19 Profitability of SCBs remained robust, with return on assets (RoA) increasing further to 1.4 per cent in 2024-25 from 1.3 per cent in the previous year. The return on equity (RoE) of SCBs at 13.5 per cent remained broadly stable. PSBs exhibited an improvement





in RoA and RoE during 2024-25, while PVBs recorded a moderation. During H1: 2025-26, RoA and RoE of SCBs stood at 1.3 per cent and 12.5 per cent, respectively (Charts IV.12a and b).

IV.20 Net profits of SCBs increased during 2024-25, *albeit* at a slower pace compared to the previous year. This partly reflected the impact of moderation in growth of net interest income. Growth in operating expenses decelerated

Table IV.3: Trends in Income and Expenditure of Scheduled Commercial Banks

(Amount in ₹ crore)

Item	PSBs		PVBs		FBs		SFBs		PBs		SCBs	
	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25
1	2	3	4	5	6	7	8	9	10	11	12	13
A. Income	12,12,665 (24.8)	13,65,244 (12.6)	9,41,870 (36.4)	10,70,709 (13.7)	1,29,838 (20.1)	1,46,580 (12.9)	45,400 (34.3)	54,223 (19.4)	7,102 (19.0)	6,937 (-2.3)	23,36,876 (29.1)	26,43,694 (13.1)
i) Interest Income	10,66,243 (25.3)	11,89,294 (11.5)	7,96,578 (36.8)	9,10,560 (14.3)	1,06,045 (27.3)	1,20,478 (13.6)	39,647 (33.0)	46,782 (18.0)	1,416 (64.6)	1,694 (19.7)	20,09,929 (29.9)	22,68,809 (12.9)
ii) Other Income	1,46,422 (21.7)	1,75,951 (20.2)	1,45,292 (34.2)	1,60,149 (10.2)	23,794 (-4.1)	26,101 (9.7)	5,753 (43.8)	7,441 (29.3)	5,686 (11.4)	5,243 (-7.8)	3,26,946 (24.6)	3,74,885 (14.7)
B. Expenditure	10,71,463 (23.6)	11,86,881 (10.8)	7,66,573 (35.3)	8,81,498 (15.0)	1,02,953 (32.0)	1,16,665 (13.3)	39,181 (32.2)	50,727 (29.5)	7,103 (21.5)	6,743 (-5.1)	19,87,273 (28.5)	22,42,514 (12.8)
i) Interest Expended	6,58,611 (35.0)	7,60,165 (15.4)	4,29,739 (56.0)	5,08,877 (18.4)	46,996 (48.4)	55,866 (18.9)	17,474 (43.9)	22,336 (27.8)	353 (43.8)	537 (52.2)	11,53,173 (42.9)	13,47,782 (16.9)
ii) Operating Expenses	2,95,090 (20.9)	3,03,100 (2.7)	2,39,146 (18.1)	2,61,471 (9.3)	34,713 (24.2)	38,708 (11.5)	17,186 (30.7)	20,247 (17.8)	6,634 (18.9)	6,070 (-8.5)	5,92,769 (20.2)	6,29,596 (6.2)
of which: Wage Bill	1,84,025 (27.2)	1,77,894 (-3.3)	90,290 (27.9)	98,841 (9.5)	10,460 (3.9)	11,211 (7.2)	8,498 (26.8)	10,321 (21.4)	1,215 (32.9)	977 (-19.5)	2,94,488 (26.4)	2,99,244 (1.6)
iii) Provision and Contingencies	1,17,761 (-12.8)	1,23,615 (5.0)	97,688 (10.5)	1,11,150 (13.8)	21,244 (15.8)	22,092 (4.0)	4,521 (3.8)	8,144 (80.1)	116 (488.4)	135 (16.9)	2,41,331 (-2.0)	2,65,137 (9.9)
C. Operating Profit	2,58,964 (8.1)	3,01,979 (16.6)	2,72,986 (28.4)	3,00,362 (10.0)	48,130 (-0.8)	52,006 (8.1)	10,740 (26.1)	11,640 (8.4)	114 (-18.9)	330 (187.9)	5,90,934 (16.0)	6,66,316 (12.8)
D. Net Profit	1,41,202 (34.9)	1,78,364 (26.3)	1,75,297 (41.2)	1,89,211 (7.9)	26,886 (-10.8)	29,915 (11.3)	6,219 (49.4)	3,496 (-43.8)	-1	194	3,49,603 (-32.8)	4,01,180 (14.8)
E. Net Interest Income (NII) (Ai-Bi)	4,07,632 (12.2)	4,29,128 (5.3)	3,66,839 (19.5)	4,01,683 (9.5)	59,049 (14.4)	64,612 (9.4)	22,173 (25.5)	24,446 (10.3)	1,063 (72.9)	1,157 (8.9)	8,56,756 (15.7)	9,21,027 (7.5)
F. Net Interest Margin (NIM)	2.8	2.6	3.9	3.6	3.6	3.4	7.4	6.6	4.5	3.8	3.3	3.1

-: Not applicable.

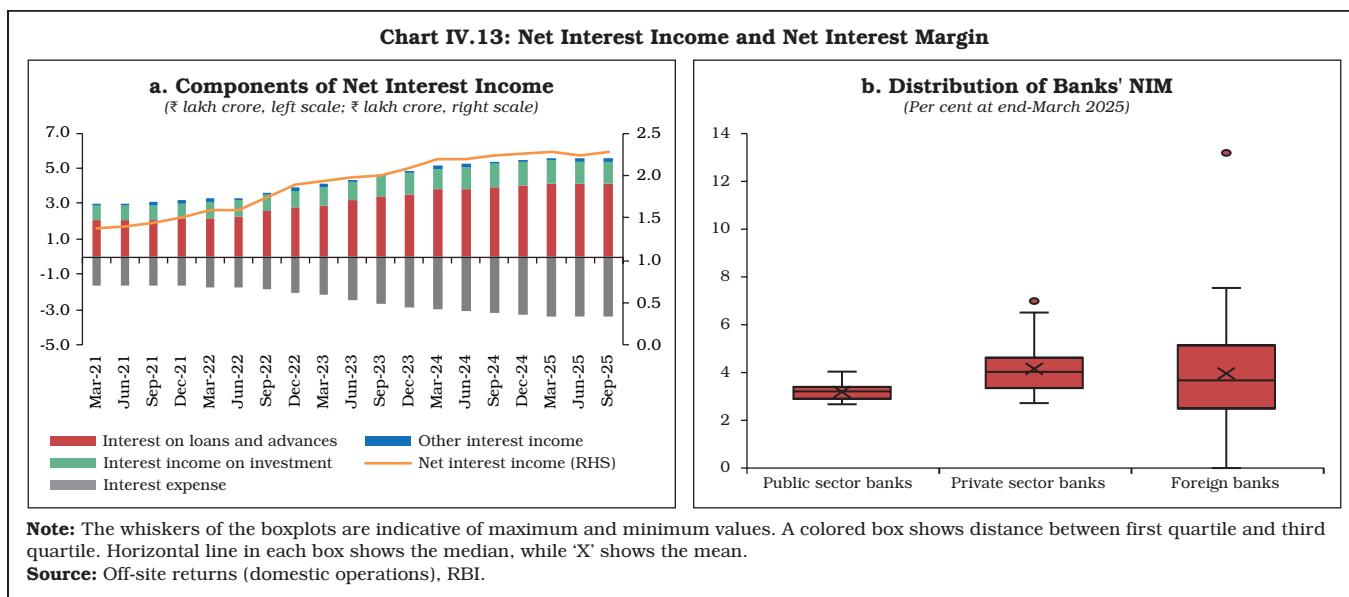
Notes: 1. Data for SCBs exclude RRBs.

2. NIM has been defined as NII as percentage of average assets.

3. Figures in parentheses refer to per cent variation over the previous year.

4. Percentage variations could be slightly different as absolute numbers have been rounded off to ₹ crore.

Source: Annual accounts of respective banks.



significantly, while provisions and contingencies expenditure increased during 2024-25 as against a decline in the previous year (Table IV.3).

IV.21 The interest expense to interest income ratio of SCBs increased to 59.4 per cent in 2024-25 from 57.4 per cent in the previous year (Table IV.3 and Chart IV.13a). The net interest margin (NIM) of SCBs moderated to 3.1 per cent in 2024-25 from 3.3 per cent in the previous year. The median NIM remained highest for

PVBs, followed by that of FBs and PSBs. PSBs exhibited relatively uniform NIMs with limited cross-bank variation, whereas FBs displayed highest dispersion in their NIMs followed by PVBs (Chart IV.13b).

IV.22 The provision coverage ratio (PCR) (not adjusted for write-offs) of SCBs remained stable at 76.3 per cent at end-March 2025. During 2024-25, the PCR of PSBs increased to 78.5 per cent, while for PVBs it moderated to 72.6

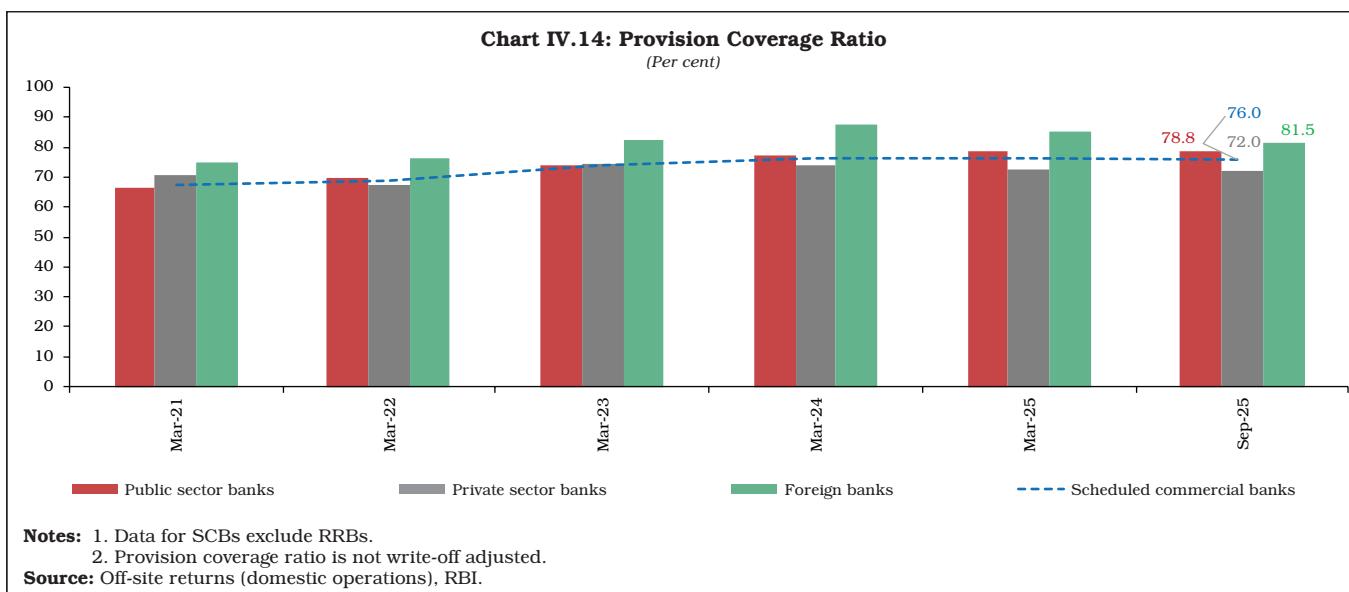


Table IV.4: Cost of Funds and Return on Funds – Bank Group-wise

(Per cent)

Bank Group	Year	Cost of Deposits	Cost of Borrowings	Cost of Funds	Return on Advances	Return on Investments	Return on Funds	Spread (columns 8-5)
1	2	3	4	5	6	7	8	9
PSBs	2023-24	4.8	7.3	5.0	8.5	6.7	8.0	3.0
	2024-25	5.0	7.3	5.2	8.5	6.8	8.0	2.8
PVBs	2023-24	4.8	9.2	5.4	10.4	6.8	9.5	4.1
	2024-25	5.1	8.2	5.5	10.0	6.8	9.2	3.7
FBS	2023-24	3.8	5.6	4.1	8.7	6.8	7.6	3.5
	2024-25	4.0	5.1	4.2	8.5	6.7	7.4	3.2
SFBs	2023-24	6.8	8.2	7.0	17.0	6.8	14.5	7.5
	2024-25	7.1	8.1	7.2	16.2	6.8	13.9	6.7
PBs	2023-24	2.0	11.2	2.4	10.0	7.6	7.6	5.2
	2024-25	1.9	11.7	2.4	9.1	6.7	6.7	4.3
SCBs	2023-24	4.8	8.1	5.1	9.4	6.7	8.6	3.5
	2024-25	5.0	7.5	5.3	9.2	6.8	8.5	3.2

Notes: 1. Data for SCBs excludes RRBs.

2. Cost of deposits = Interest paid on deposits/(Average of current and previous year's deposits).

3. Cost of borrowings = (Interest expended - Interest on deposits) / (Average of current and previous year's borrowings).

4. Cost of funds = Interest expended / (Average of current and previous year's deposits plus borrowings)

5. Return on advances = Interest earned on advances / (Average of current and previous year's advances).

6. Return on investments = Interest earned on investments / (Average of current and previous year's investments).

7. Return on funds = (Interest earned on advances + Interest earned on investments) / (Average of current and previous year's advances plus investments).

Sources: Annual accounts of banks and RBI staff calculations.

per cent. At end-September 2025, PCR of SCBs stood at 76.0 per cent (Chart IV.14).

IV.23 During 2024-25, a moderation in the return on funds alongside an increase in the cost of funds resulted in narrowing of spread for SCBs. SFBs continued to record the widest spread, reflecting relatively higher interest rates on their advances (Table IV.4).

4. Soundness Indicators

4.1 Capital Adequacy

IV.24 In India, the minimum regulatory capital to risk-weighted assets ratio (CRAR) requirement for banks is set at 9.0 per cent [11.5 per cent inclusive of capital conservation buffer (CCB)] and Tier 1 capital ratio requirement at 7.0 per cent, both one percentage point above the Basel III norms.⁸ At end-March 2025, all bank groups

remained well-capitalised, with CRAR and Tier 1 capital ratio remaining well above the minimum regulatory requirements. The CRAR of SCBs rose to 17.4 per cent at end-March 2025, with an increase witnessed across PSBs and PVBs. The Tier 1 capital ratio of SCBs also improved to 15.5 per cent at end-March 2025 led by an improvement in PSBs and PVBs (Table IV.5). The CRAR of SCBs stood at 17.2 per cent at end-September 2025.

IV.25 A wider dispersion in CRAR and common equity tier 1 (CET1) ratios was observed in case of PVBs as compared to PSBs in 2024-25. The mean as well as the median CRAR and CET1 ratio, of both PSBs and PVBs, recorded an increase during the year (Charts IV.15 a and b).

⁸ The minimum regulatory CRAR requirement for SFBs is set at 15.0 per cent with Tier 1 capital requirement of at least 7.5 per cent of the total risk-weighted assets.

Table IV.5: Component-wise Capital Adequacy of SCBs
(At end-March)

1	(Amount in ₹ crore)										
	PSBs		PVBs		FBs		SFBs		SCBs		
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	
1. Capital Funds	11,74,245	13,55,864	12,83,455	14,64,071	2,70,646	3,11,060	41,603	47,390	27,69,949	31,78,386	
i) Tier 1 Capital	9,94,510	11,66,550	11,55,051	13,42,472	2,43,842	2,82,833	37,330	41,475	24,30,733	28,33,330	
ii) Tier 2 Capital	1,79,735	1,89,314	1,28,404	1,21,599	26,804	28,227	4,273	5,915	3,39,216	3,45,056	
2. Risk Weighted Assets	75,59,396	84,23,011	72,14,513	80,03,960	14,18,639	16,57,665	1,92,331	2,20,390	1,63,84,879	1,83,05,026	
3. CRAR (1 as % of 2)	15.5	16.1	17.8	18.3	19.1	18.8	21.6	21.5	16.9	17.4	
Of which: Tier 1	13.2	13.8	16.0	16.8	17.2	17.1	19.4	18.8	14.8	15.5	
Tier 2	2.4	2.2	1.8	1.5	1.9	1.7	2.2	2.7	2.1	1.9	

Notes: 1. Data for SCBs exclude RRBs and PBs.

2. Figures in per cent might not add up to the total due to rounding off of numbers.

Source: Off-site returns, RBI.

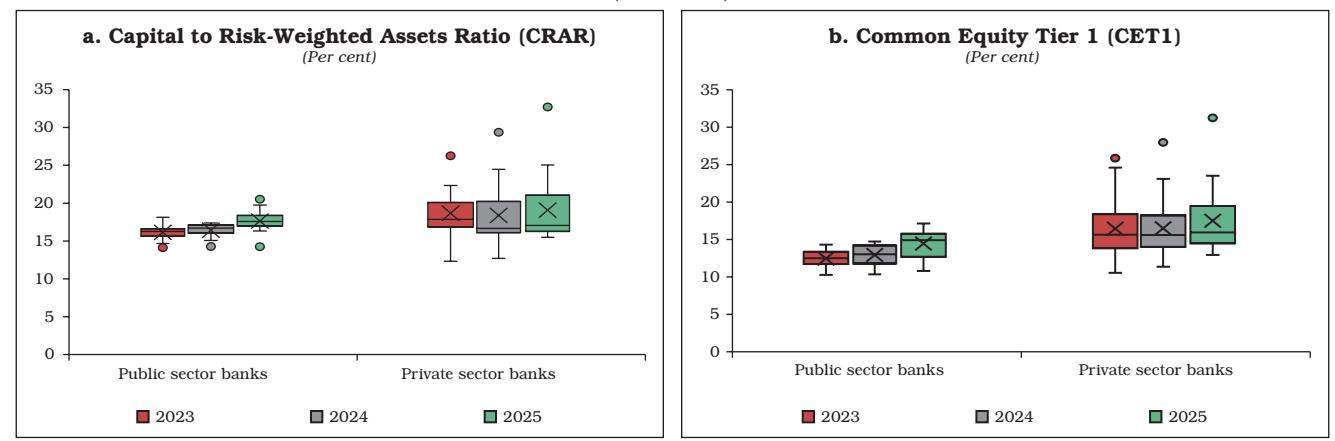
IV.26 Resources raised by banks through private placement of debt, qualified institutional placement, and preferential allotment of equity in the capital market increased during 2024-25. The increase was largely driven by PSBs which recorded a growth of 36.6 per cent in total amount raised through private placements, mostly through debt instruments (Table IV.6).

4.2 Leverage and Liquidity

IV.27 The leverage ratio is a non-risk based backstop measure complementing the Basel III risk-based capital framework. In India, the minimum leverage ratio requirement is 4.0 per

cent for domestic systemically important banks and 3.5 per cent for other SCBs. The leverage ratio — the ratio of Tier 1 capital to total exposures — of SCBs' increased to 8.0 per cent at end-March 2025, with an improvement across PSBs and PVBs. The liquidity coverage ratio (LCR) — designed to withstand liquidity pressures in the short-term — requires banks to maintain high quality liquid assets to meet 30 days' net outgo under stressed conditions. For SCBs, the LCR improved to 132.6 per cent at end-March 2025. It remained well above the regulatory requirement of 100 per cent for all bank groups (Table IV.7).

Chart: IV.15: Bank Group-wise CRAR and CET1 Ratio
(At end-March)



Note: The whiskers of the boxplots are indicative of maximum and minimum values. A colored box shows distance between first quartile and third quartile. Horizontal line in each box shows the median, while 'X' shows the mean.

Source: Off-site returns, RBI.

Table IV.6: Resources Raised by Banks through Private Placements

(Amount in ₹ crore)

	2022-23		2023-24		2024-25		2025-26 (Up to November)	
	No. of issues	Amount raised	No. of issues	Amount raised	No. of issues	Amount raised	No. of issues	Amount raised
1	2	3	4	5	6	7	8	9
PSBs	27	70,260	26	97,380	28	1,33,000	6	40,719
PVBs	14	52,903	14	33,426	8	16,419	11	18,192
FBS	2	224	0	0	0	0	0	0
Total	43	1,23,387	40	1,30,806	36	1,49,418	17	58,912

Notes: 1. Include private placement of debt, qualified institutional placement and preferential allotment.

2. Data for 2025-26 are provisional.

3. Figures may not add up to the total due to rounding off.

Sources: SEBI, BSE, and NSE.

IV.28 The net stable funding ratio (NSFR) seeks to ensure that a bank's available stable funding exceeds its required stable funding over a one-year horizon on an ongoing basis. The minimum NSFR that banks in India are required to maintain is set at 100 per cent, in line with international standards. At end-March 2025, NSFR of SCBs stood at 126.4 per cent, much above the regulatory requirement (Table IV.8). At end-September 2025, NSFR of SCBs stood at 124.7 per cent.

4.3 Non-performing Assets

IV.29 The trend of improvement in asset quality of banks observed since 2018-19, measured by their declining GNPA ratios, continued during 2024-25. The GNPA ratio of SCBs declined further to a multi-decadal low of 2.2 per cent

at end-March 2025 from 2.7 per cent at end-March 2024. During 2024-25, around 42.8 per cent of the reduction in GNPA was attributable to recoveries and upgradations. The net NPA (NNPA) ratio also declined to 0.5 per cent at end-March 2025, partly reflecting higher provisioning (Table IV.9). As per supervisory data, at end-September 2025, the GNPA and NNPA ratios of SCBs stood at 2.1 per cent and 0.5 per cent, respectively.

IV.30 The slippage ratio of SCBs, which measures new accretions to NPAs as a share of standard advances at the beginning of the year, declined for the fifth consecutive year to 1.4 per cent at end-March 2025. Slippage ratio of both PSBs and PVBs declined, although it remained higher for PVBs (Charts IV.16a and b). For SCBs,

Table IV.8: Net Stable Funding Ratio
(At end-March 2025)

(Amount in ₹ crore)

	Available Stable	Required Stable	Net Stable
	Funding	Funding	Funding Ratio (Per cent)
1	2	3	4
PSBs	1,22,35,851	96,31,010	127.0
PVBs	82,16,358	65,85,675	124.8
FBS	8,74,072	6,61,384	132.2
SFBs	2,87,381	2,26,049	127.1
SCBs	2,16,13,661	1,71,04,118	126.4

Notes: 1. Data for SCBs exclude RRBs and PBs.

2. Constituent items may not add up to the total due to rounding off.

Source: Off-site returns, RBI.

Table IV.7: Leverage Ratio and Liquidity Coverage Ratio

(Per cent)

	Leverage Ratio			Liquidity Coverage Ratio		
	Mar-24	Mar-25	Sep-25	Mar-24	Mar-25	Sep-25
1	2	3	4	5	6	7
PSBs	6.0	6.3	6.2	129.3	132.1	133.7
PVBs	9.7	10.2	10.3	127.1	128.6	122.1
FBS	10.8	10.3	10.6	145.0	149.6	157.0
SFBs	11.0	10.0	9.3	153.3	153.7	142.5
SCBs	7.8	8.0	8.2	130.3	132.6	131.7

Note: Data for SCBs exclude RRBs and PBs.

Source: Off-site returns, RBI.

Table IV.9: Non-Performing Assets by Bank Group

(Amount in ₹ crore)

	PSBs	PVBs	FBs	SFBs	SCBs
1	2	3	4	5	6
Gross NPAs					
Closing Balance for 2023-24	3,39,541	1,29,164	6,523	5,590	4,80,818
Opening Balance for 2024-25	3,39,541	1,29,164	6,523	5,391	4,80,619
Addition during the year 2024-25	82,762	1,21,735	7,256	14,607	2,26,359
Reduction during the year 2024-25	1,38,653	1,18,224	8,458	10,009	2,75,344
i. Recovered	33,630	29,320	2,779	1,963	67,693
ii. Upgradations	13,847	30,360	3,322	2,559	50,087
iii. Written-off	91,176	58,544	2,357	5,486	1,57,563
Closing Balance for 2024-25	2,83,650	1,32,674	5,321	9,989	4,31,634
Gross NPAs as per cent of Gross Advances*					
2023-24	3.5	1.9	1.2	2.4	2.7
2024-25	2.6	1.8	0.9	3.6	2.2
Net NPAs					
2023-24	72,544	31,594	812	1,796	1,06,745
2024-25	55,634	35,069	776	3,910	95,388
Net NPAs as per cent of Net Advances					
2023-24	0.8	0.5	0.1	0.8	0.6
2024-25	0.5	0.5	0.1	1.4	0.5

*: Calculated by taking gross NPAs from annual accounts of respective banks and gross advances from off-site returns (global operations).

Notes: 1. Data for SCBs exclude RRBs and PBs.

2. Closing balance for 2023-24 is not equal to opening balance for 2024-25 due to merger of one SFB into another effective April 1, 2024. The balance NPA pertaining to the merged SFB—amounting to ₹199.54 crores—has been incorporated under GNPA additions during the year 2024-25.

3. Net NPAs=Gross NPA - deductions; net advances=gross advances - deductions. Deductions include: i) provisions held in the case of NPA accounts as per asset classification; ii) DICGC / ECGC claims received and held pending adjustment; iii) part payment received and kept in suspense account or any other similar account; iv) balance in sundry account (interest capitalisation – restructured accounts), in respect of NPA accounts; and v) floating provisions.

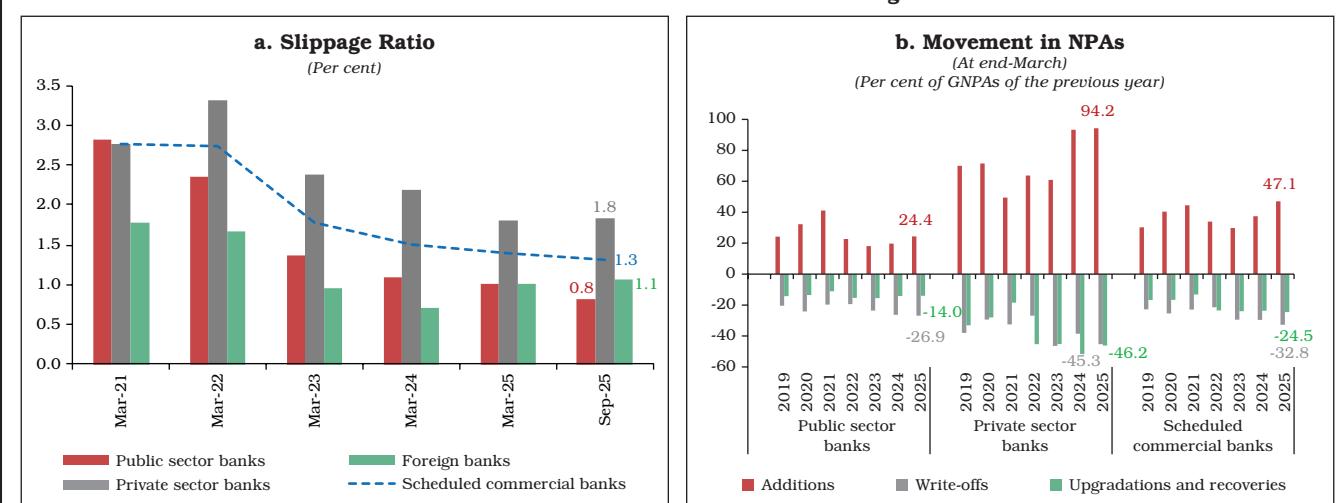
4. Constituent items may not add up to the total due to rounding off.

Sources: Annual accounts of banks and off-site returns (global operations). RBI.

slippage ratio further declined to 1.3 per cent at end-September 2025.

IV.31 Reflecting these gains in asset quality, the proportion of standard assets in total advances

Chart IV.16: Reduction in Gross Non-Performing Assets



Sources: Off-site returns (global operations), RBI and annual accounts of banks.

Table IV.10: Classification of Loan Assets by Bank Group

(Amount in ₹ crore)

Bank Group	End-March	Standard Assets		Sub-standard Assets		Doubtful Assets		Loss Assets	
		Amount	Per cent*	Amount	Per cent*	Amount	Per cent*	Amount	Per cent*
1	2	3	4	5	6	7	8	9	10
PSBs	2024	84,24,922	96.3	58,576	0.7	1,78,483	2.0	83,681	1.0
	2025	95,38,365	97.2	56,039	0.6	1,34,813	1.4	82,561	0.8
PVBs	2024	66,96,942	98.2	44,199	0.6	52,944	0.8	26,397	0.4
	2025	72,94,711	98.2	58,336	0.8	50,019	0.7	22,021	0.3
FBs	2024	5,39,598	98.8	1,344	0.2	4,228	0.8	950	0.2
	2025	6,12,992	99.1	1,520	0.2	2,629	0.4	1,172	0.2
SFBs	2024	2,24,245	97.6	4,005	1.7	1,514	0.7	71	0.0
	2025	2,68,585	96.4	8,423	3.0	1,498	0.5	68	0.0
SCBs	2024	1,58,85,707	97.2	1,08,125	0.7	2,37,169	1.5	1,11,099	0.7
	2025	1,77,14,653	97.7	1,24,317	0.7	1,88,959	1.0	1,05,822	0.6

*: As per cent of gross advances.

Notes: 1. Data for SCBs exclude RRBs and PBs.

2. Constituent items may not add up to the total due to rounding off.

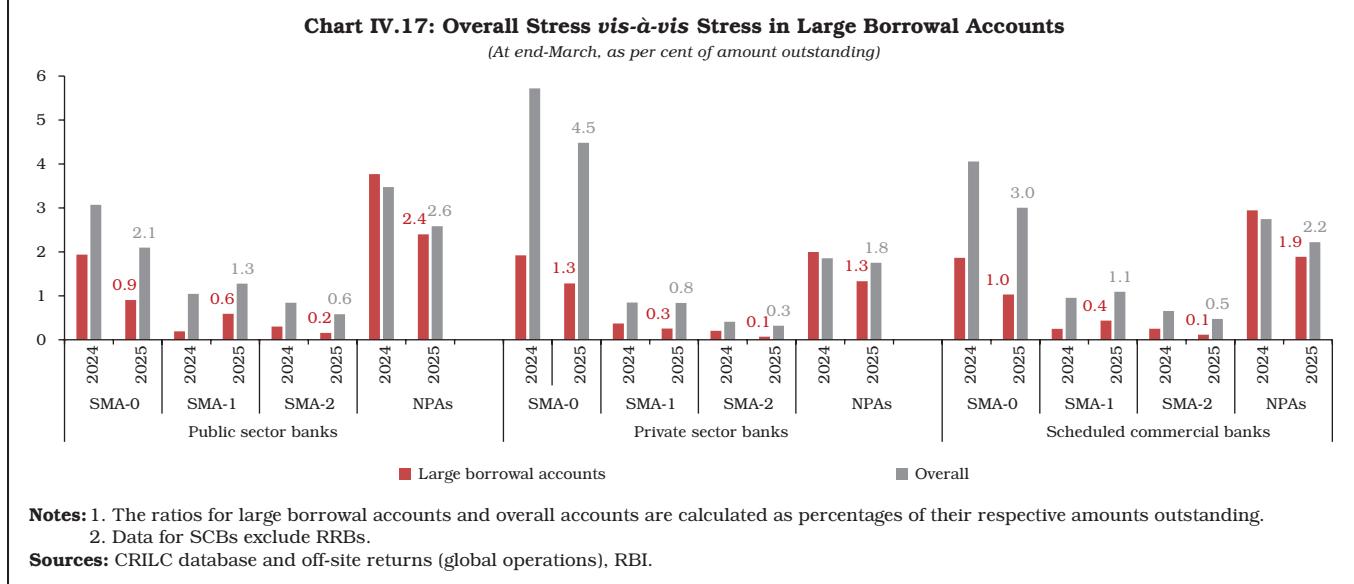
Source: Off-site returns (domestic operations), RBI.

increased for SCBs at end-March 2025, led by PSBs and FBs (Table IV.10).

IV.32 The share of large borrowing accounts⁹ in total advances of SCBs remained broadly unchanged at 43.9 per cent at end-March 2025. The special mention accounts-0 (SMA-0), special mention accounts-2 (SMA-2)¹⁰ and NPAs as a proportion of gross advances of SCBs declined

for both overall and large borrowing accounts in 2024-25. The special mention accounts-1 (SMA-1) ratio for SCBs increased during 2024-25, driven by an increase in SMA-1 for PSBs (Chart IV.17).

IV.33 Restructured accounts of SCBs had increased significantly in 2021-22 following the introduction of the resolution frameworks

Chart IV.17: Overall Stress vis-à-vis Stress in Large Borrowing Accounts
(At end-March, as per cent of amount outstanding)**Notes:** 1. The ratios for large borrowing accounts and overall accounts are calculated as percentages of their respective amounts outstanding.

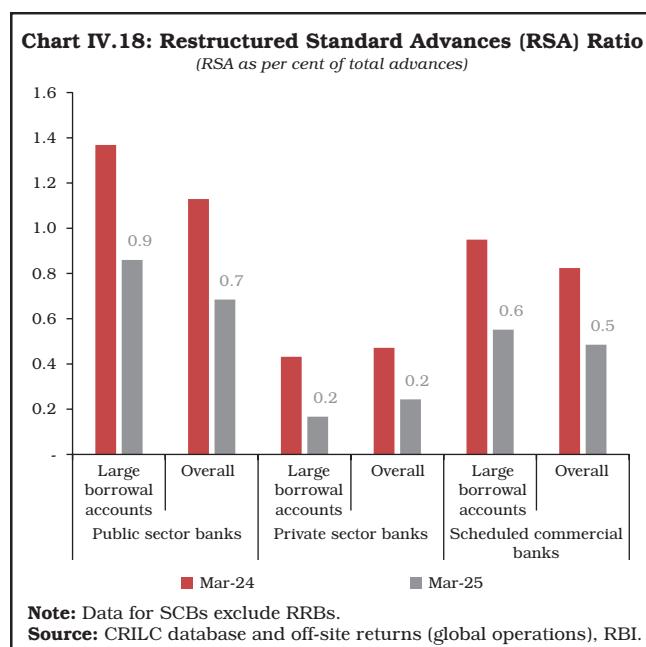
2. Data for SCBs exclude RRBs.

Sources: CRILC database and off-site returns (global operations), RBI.⁹ Large borrowing accounts refer to accounts with total exposure of ₹5 crore and above.¹⁰ SMA-0 accounts are those wherein the principal or interest payment is not overdue for more than 30 days but account is showing signs of incipient stress. SMA-1 account are those wherein the principal or interest payment is overdue between 31-60 days. SMA-2 account are those wherein the principal or interest payment is overdue between 61-90 days.

1.0 and 2.0 in the aftermath of the pandemic. Subsequently, reflecting the expiry of deadlines for invocation of the restructured standard advances and also improvements in asset quality, the number of restructured accounts declined. Consequently, during 2024-25, restructured standard advances ratio declined for overall as well as for large borrowing accounts of SCBs, led by PSBs.¹¹ PVBs had a lower share of restructured standard advances in gross advances compared to PSBs at end-March 2025 (Chart IV.18).

4.4 Recoveries

IV.34 During 2024-25, the number of cases referred for resolution decreased under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act and Insolvency and Bankruptcy Code (IBC). The amount involved in referred cases for resolution under the SARFAESI Act decreased in 2024-25, while the recovery rate increased to 31.5 per cent. The recovery rate under the IBC also improved to 36.6 per cent in 2024-25. The IBC remained the dominant



Note: Data for SCBs exclude RRBs.

Source: CRILC database and off-site returns (global operations), RBI.

mode of recovery, followed by the SARFAESI route. The share of IBC in total amount recovered increased to 52.4 per cent in 2024-25 as compared with 49.5 per cent in the previous year (Table IV.11). Under the IBC, the realisable value stood at 170.1 per cent of liquidation value at end-September 2025 as compared to 161.1 per cent at end-September 2024.

Table IV.11: NPAs of SCBs Recovered through Various Channels

(Amount in ₹ crore)

Recovery Channel	2023-24					2024-25 (P)				
	No. of cases referred	Amount involved	Amount recovered*	Col. (4) as per cent of Col. (3)	No. of cases referred	Amount involved	Amount recovered*	Col. (8) as per cent of Col. (7)		
1	2	3	4	5	6	7	8	9		
Lok Adalats	1,23,41,783	1,81,934	3,308	1.8	1,49,12,705	1,97,907	4,742	2.4		
DRTs	30,806	79,414	13,527	17.0	34,430	1,29,516	12,363	9.5		
SARFAESI Act	2,16,571	1,19,554	30,416	25.4	2,15,709	1,03,180	32,466	31.5		
IBC @	1,004	1,63,943	46,340	28.3	732	1,49,045	54,528	36.6		
Total	1,25,90,164	5,44,845	93,591	17.2	1,51,63,576	5,79,648	1,04,099	18.0		

P : Provisional. DRTs: Debt Recovery Tribunals.

* : Refers to the amount recovered during the given year, which could be with reference to the cases referred during the given year as well as during earlier years.

@ : Cases admitted by National Company Law Tribunals (NCLTs).

Sources: Off-site returns, RBI, and Insolvency and Bankruptcy Board of India (IBBI).

¹¹ Restructured standard advances ratio represents proportion of restructured standard advances in gross advances.

IV.35 Banks continued to clean up their balance sheets through sale of NPAs to asset reconstruction companies (ARCs). The ratio of asset sales to previous year's GNPAs for SCBs increased during 2024-25, even as banks continued to make recoveries through other channels (Chart IV.19a). In absolute terms, asset sales to ARCs increased for PVBs and foreign banks, while it declined for PSBs during 2024-25. The book value of assets acquired by ARCs grew at a faster pace than their acquisition cost, resulting in a decline in the acquisition cost-to-book value ratio at end-March 2025 (Chart IV.19b).

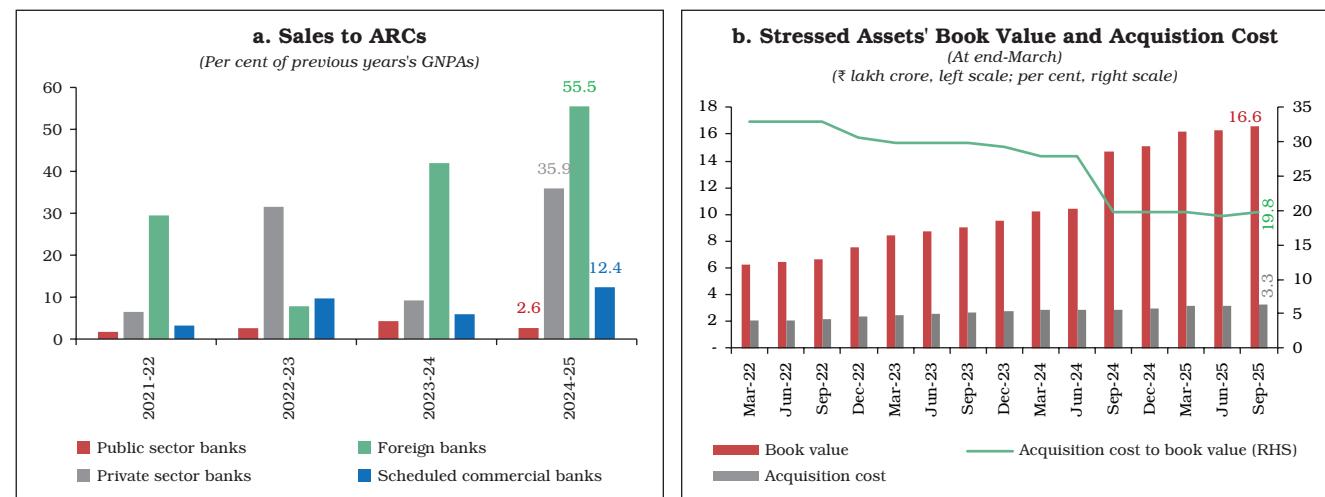
IV.36 The outstanding book value of assets acquired by ARCs increased by 57.9 per cent, partly reflecting the impact of acquisition of Stressed Asset Stabilisation fund. Security receipts issued increased by 13.3 per cent during 2024-25 as compared with an increase of 15.0 per cent in the previous year. The ratio of security receipts issued to book value of assets acquired declined to 19.8 per cent at end-March

2025 from 27.6 per cent at end-March 2024. The share of banks' subscriptions to total security receipts decreased to 58.9 per cent at end-March 2025 from 59.1 per cent last year. The share of other investors (qualified institutional buyers) continued to increase to 13.8 per cent from 13.1 per cent in the previous year. During 2024-25, the security receipts completely redeemed as per cent of the previous year's outstanding security receipts, an indicator of recovery through this mode, improved to 41.8 per cent from 38.2 per cent during the previous year (Table IV.12).

4.5 Frauds in the Banking Sector

IV.37 Frauds present multiple challenges by exposing financial institutions to reputational, operational and business risks, while also weakening customer trust. During 2024-25, based on date of reporting by banks, the total number of frauds decreased. However, the amount involved in frauds increased. This was mainly due to re-examination and reporting afresh of 122 fraud cases amounting to ₹18,336 crore after ensuring compliance with the

Chart IV.19: Stressed Asset Sale to ARCs



Sources: Quarterly statements submitted by ARCs and off-site returns (domestic operations), RBI.

Table IV.12: Details of Financial Assets Securitised by Asset Reconstruction Companies (At end-March)

	(Amount in ₹ crore)		
	2023	2024	2025
1	2	3	4
Number of reporting ARCs	28	27	27
1. Book Value of Assets Acquired	8,39,126	10,25,429	16,19,124
2. Security Receipt issued by ARCs	2,46,290	2,83,323	3,20,887
3. Security Receipts Subscribed to by			
(a) Banks	1,49,253	1,67,517	1,89,025
(b) ARCs	49,519	57,283	64,656
(c) Financial Institutional Investors	19,383	21,495	22,778
(d) Others (Qualified Institutional Buyers)	28,135	37,027	44,427
4. Amount of Security Receipts Completely Redeemed	41,257	53,243	60,688
5. Amount of Security Receipts Partially Redeemed	65,610	84,938	1,06,875
6. Security Receipts Outstanding	1,39,422	1,45,140	1,53,323

Notes: 1. Total as at end of quarter (cumulative/stock figures).

2. Constituent items may not add up to the total due to rounding off.

Source: Quarterly statements submitted by ARCs.

judgement of the Hon'ble Supreme Court of India dated March 27, 2023 (Table IV.13 and Appendix Table IV.7).¹² Based on the date of occurrence of frauds, during 2024-25, the share of card / internet frauds in the total stood at 66.8 per cent in terms of number of cases. In terms of amount, the share of advances-related frauds was 33.1 per cent (Table IV.14).

IV.38 In 2024-25, PVBs accounted for 59.3 per cent of the total number of frauds reported, while PSBs accounted for 70.7 per cent of the amount involved (Charts IV.20 a and b). Within PVBs, card/internet-related frauds accounted for the largest share by number, while frauds related to advances constituted the largest share by value in 2024-25. In contrast, PSBs reported the highest share of frauds related to

Table IV.13: Frauds in Various Banking Operations Based on the Date of Reporting

Area of Operation	2022-23		2023-24		2024-25		2024-25 (April-Sep)		2025-26 (April-Sep)	
	Number of frauds	Amount involved	Number of frauds	Amount involved	Number of frauds	Amount involved	Number of frauds	Amount involved	Number of frauds	Amount involved
1	2	3	4	5	6	7	8	9	10	11
Advances	3,989	15,065	4,113	9,160	7,934	31,911	3,518	15,521	4,255	17,501
Card/Internet	6,699	277	29,080	1,457	13,469	520	13,081	484	195	14
Cash	1,485	159	484	78	306	39	205	18	116	27
Cheques/DDs, etc.	118	25	127	42	122	74	49	54	51	8
Clearing Accounts, etc.	18	3	17	2	6	2	3	1	2	6
Deposits	652	259	2,002	240	1,207	521	934	363	222	131
Forex Transactions	13	12	19	38	23	16	6	1	21	124
Inter-Branch Accounts	3	0	29	10	14	26	3	0	19	19
Off-balance Sheet	13	280	10	199	8	270	-	-	3	1
Others	472	422	171	35	790	1,392	587	127	208	3,684
Total	13,462	16,502	36,052	11,261	23,879	34,771	18,386	16,569	5,092	21,515

-: Nil/negligible.

Notes: 1. Refers to frauds of ₹1 lakh and above.

2. The figures reported by banks and financial institutions are subject to change based on revisions filed by them.

3. Frauds reported in a year could have occurred several years prior to year of reporting.

4. Amounts involved are as reported and do not reflect the amount of loss incurred. Depending on recoveries, the loss incurred gets reduced. Further, the entire amount involved in loan accounts is not necessarily diverted.

5. As on September 30, 2025, 942 frauds amounting to ₹1,28,031 crore were withdrawn by banks and financial institutions due to non-compliance with the principles of natural justice as per the judgement of the Hon'ble Supreme Court of India dated March 27, 2023.

6. Data pertaining to 2024-25 includes fraud classification in 122 cases amounting to ₹18,336 crore, pertaining to the previous financial years, reported afresh during the financial year 2024-25 after re-examination and ensuring compliance with the judgement of the Hon'ble Supreme Court of India, dated March 27, 2023.

7. Post issuance of revised Master Directions on Fraud Risk Management dated July 15, 2024, the banks are reporting only those payment system related transactions which are concluded as fraud committed on bank(s).

Source: RBI.

¹² These were removed from fraud classification during the previous financial years due to non-compliance with Principles of Natural Justice.

Table IV.14: Frauds in Various Banking Operations Based on the Date of Occurrence

(Amount in ₹ crore)

Area of Operation	Prior to 2022-23		2022-23		2023-24		2024-25		2025-26 (April - Sep)	
	Number of frauds	Amount involved	Number of frauds	Amount involved						
1	2	3	4	5	6	7	8	9	10	11
Advances	8,192	64,974	4,728	3,319	5,006	4,142	2,214	1,159	151	42
Card/Internet	1,902	191	11,994	628	27,663	1,192	7,756	252	128	4
Cash	584	61	1,057	121	473	72	219	40	58	8
Cheques/DDs, etc.	79	31	113	24	103	39	98	52	25	3
Clearing Accounts, etc.	12	4	15	1	13	2	1	1	2	6
Deposits	559	325	762	222	1,994	255	701	325	67	24
Forex Transactions	28	79	21	47	12	3	3	61	12	1
Inter-Branch Accounts	15	5	22	1	12	37	13	11	3	1
Off-balance Sheet	24	713	4	-	4	28	2	9	-	-
Others	298	3,324	422	515	250	86	608	1,587	63	22
Total	11,693	69,707	19,138	4,878	35,530	5,856	11,615	3,497	509	111

:- Nil/negligible.

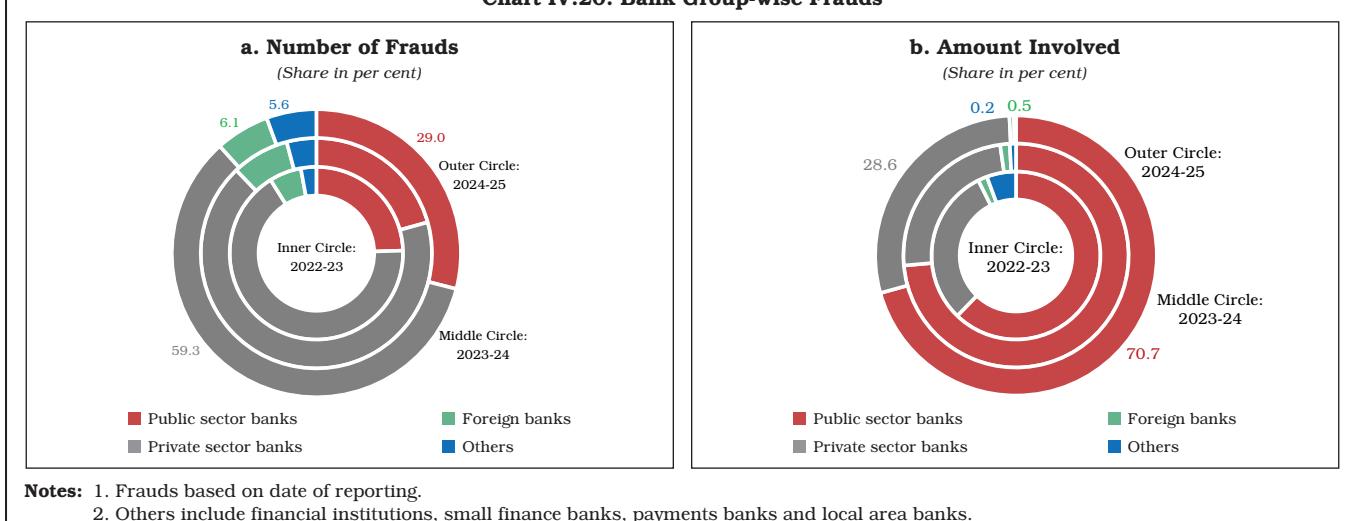
Notes: 1. Refers to frauds of ₹1 lakh and above.

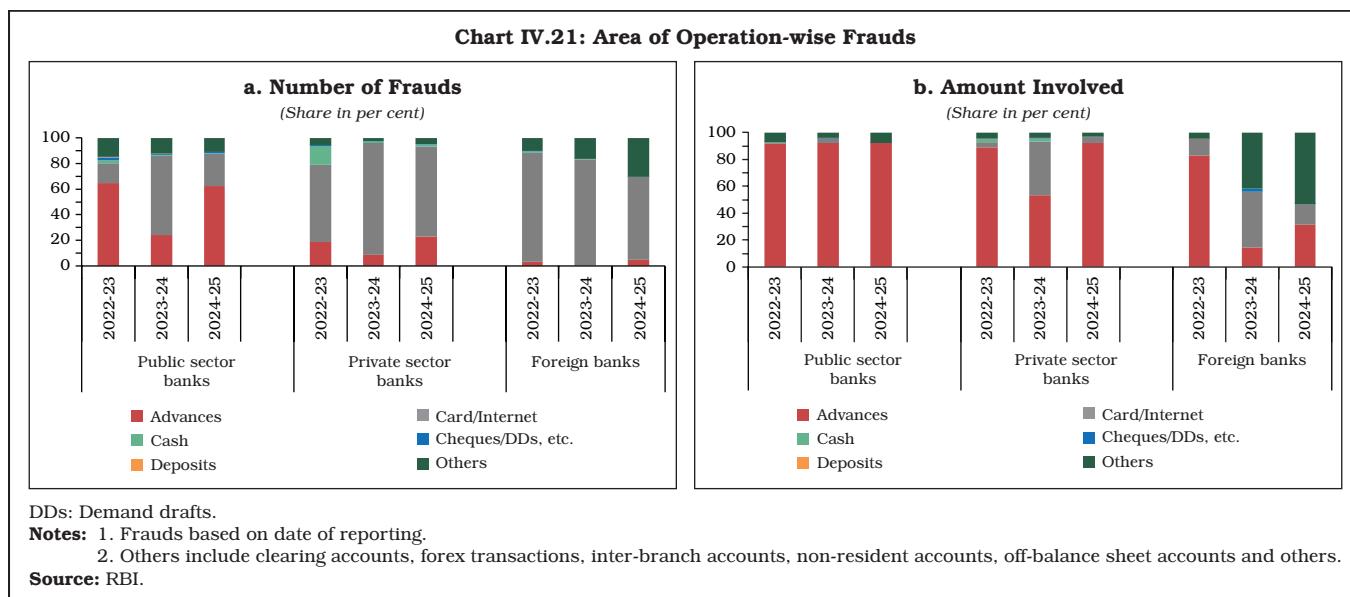
2. The figures reported by banks and financial institutions are subject to change based on revisions filed by them.
3. Data based on date of occurrence may change for a period of time as frauds reported late but having occurred earlier would get added.
4. Data in the table pertain to cases reported from FY 2022-23 till September 30, 2025.
5. Amounts involved are as reported and do not reflect the amount of loss incurred. Depending on recoveries, the loss incurred gets reduced. Further, the entire amount involved in loan accounts is not necessarily diverted.
6. As on September 30, 2025, 942 frauds amounting to ₹1,28,031 crore were withdrawn by banks and financial institutions due to non-compliance with the principles of natural justice as per the judgment of the Hon'ble Supreme Court of India dated March 27, 2023.
7. Data pertaining to 2024-25 includes fraud classification in 122 cases amounting to ₹18,336 crore, pertaining to the previous financial years, reported afresh during the financial year 2024-25 after re-examination and ensuring compliance with the judgement of the Hon'ble Supreme Court of India, dated March 27, 2023.
8. Post issuance of revised Master Directions on Fraud Risk Management dated July 15, 2024, the banks are reporting only those payment system related transactions which are concluded as fraud committed on bank(s).

Source: RBI.

advances, both in terms of number of cases and the amount involved. The share of card/internet frauds declined across all bank groups in both number and amount involved during 2024-25.

The share of advances-related frauds, both in terms of number and amount, increased across all bank groups (except for PSBs in terms of amount), primarily due to a significant portion

Chart IV.20: Bank Group-wise Frauds



of reclassified frauds being associated with advances (Charts IV.21 a and b).

4.6 Enforcement Actions

IV.39 Enforcement actions endeavour to ensure regulatory compliance, achieve credible deterrence and maintain stability and integrity of the financial system. During 2024-25, instances of penalty imposed by the Reserve Bank increased across all regulated entities, except PSBs, PBs and CICs.¹³ The penalty amount, however, fell compared to last year across all regulated entities, except Co-operative banks, SFBs, RRBs and HFCs (Table IV.15).

5. Sectoral Bank Credit: Distribution and Non-performing Assets

IV.40 Bank credit growth moderated during 2024-25 reflecting deceleration across all sectors, although it remained in double-digit. The slowdown was most pronounced in the personal loans segment, followed by services, agriculture and industry. The shares of services

Table IV.15: Enforcement Actions

Regulated Entity	2023-24		2024-25	
	Instances of Imposition of Penalty	Total Penalty (₹ crore)	Instances of Imposition of Penalty	Total Penalty (₹ crore)
1	2	3	4	5
Public Sector Banks	16	23.68	8	11.11
Private Sector Banks	12	24.90	15	14.80
Co-operative Banks	215	12.07	264	15.63
Foreign Banks	3	7.04	6	3.52
Payments Banks	1	5.39	1	0.27
Small Finance Banks	1	0.29	2	0.72
Regional Rural Banks	4	0.12	6	0.59
NBFCs/ARCs	22	11.53	37	7.29
HFCs	3	0.08	13	0.83
CICs	4	1.01	1	0.02
Total	281	86.11	353	54.78

NBFCs: Non-banking financial companies, ARCs: Asset reconstruction companies, HFCs: Housing finance companies, CICs: Credit information companies.

Source: RBI.

and personal loans in total bank credit increased at end-March 2025, while that of industry and agriculture registered a decline. Within the industrial sector, medium industries witnessed an acceleration in credit growth, while micro and small, and large industries recorded a

¹³ Major reasons for the imposition of monetary penalties included, *inter alia*, non-compliance with the provisions on transfer of unclaimed deposits to the Depositor Education and Awareness Fund; Exposure norms, Income Recognition and Asset Classification norms; reporting information on CRILC platform; submission of credit information to credit information companies; customer protection-limiting liability of customers in unauthorised electronic banking transactions; director related loans; know your customer (KYC) directions, frauds classification and reporting by regulated entities among others.

deceleration. In the services segment, growth was mainly contributed by trade and other services. Growth in housing loans remained the principal sub-segment driving the growth of personal loans at end-March 2025 (Table IV.16). At end-October 2025, bank credit growth accelerated across all sectors, except agriculture as compared with a year ago.

IV.41 During 2024-25, notwithstanding a moderation in bank credit, total flow of

financial resources to commercial sector increased, driven by a pick up in flow from non-bank resources. The increase in funding from non-bank sources during 2024-25 was largely driven by buoyant domestic capital markets, reflected in higher equity issuances and increased corporate bond placements amidst easing market conditions, enhanced credit flow by non-banking financial companies (NBFCs), and a rebound in short-term external credit (Charts IV.22 a and b).

Table IV.16: Sectoral Deployment of Gross Bank Credit by SCBs

(Amount in ₹ crore)

Sector	Outstanding as on					Per cent variation (y-o-y)		
	Mar-23	Mar-24	Oct-24	Mar-25	Oct-25	Mar-24	Mar-25	Oct-25
1	2	3	4	5	6	7	8	9
1. Agriculture and Allied Activities	17,26,410	20,71,251	22,05,579	22,87,060	24,02,610	20.0	10.4	8.9
2. Industry (Micro and Small, Medium and Large)	33,66,406	36,82,393	38,12,250	39,85,660	41,92,700	9.4	8.2	10.0
2.1. Micro and Small	6,33,289	7,33,123	7,57,113	7,98,473	9,53,572	15.8	8.9	25.9
2.2. Medium	2,68,286	3,06,425	3,38,367	3,63,245	3,98,071	14.2	18.5	17.6
2.3. Large	24,64,831	26,42,844	27,16,770	28,23,942	28,41,057	7.2	6.9	4.6
3. Services, of which	37,18,805	45,47,237	47,29,329	50,93,565	53,45,246	22.3	12.0	13.0
3.1. Transport Operators	1,92,059	2,32,379	2,49,128	2,61,575	2,75,525	21.0	12.6	10.6
3.2. Computer Software	24,924	25,917	30,581	32,915	39,584	4.0	27.0	29.4
3.3. Tourism, Hotels and Restaurants	69,342	77,816	80,012	83,366	91,529	12.2	7.1	14.4
3.4. Trade	8,72,340	10,24,408	10,78,651	11,84,550	12,27,077	17.4	15.6	13.8
3.5. Commercial Real Estate	3,22,591	4,60,263	4,99,115	5,23,264	5,69,245	42.7	13.7	14.1
3.6. Non-Banking Financial Companies (NBFCs)*	13,42,539	15,23,054	15,35,999	16,35,102	17,03,567	13.4	7.4	10.9
3.7 Other Services**	7,20,969	9,85,815	10,15,601	11,23,459	11,80,689	36.7	14.0	16.3
4. Personal Loans, of which	41,82,767	53,46,691	56,64,806	59,71,696	64,55,946	27.8	11.7	14.0
4.1. Consumer Durables	20,985	23,445	23,415	23,201	23,646	11.7	-1.0	1.0
4.2. Housing (Including Priority Sector Housing)	19,91,164	27,18,712	28,71,841	30,10,477	31,87,475	36.5	10.7	11.0
4.3. Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits etc.)	1,22,484	1,25,082	1,27,906	1,41,842	1,50,287	2.1	13.4	17.5
4.4. Advances to Individuals against share, bonds, etc.	7,633	8,492	9,060	10,080	10,006	11.3	18.7	10.4
4.5. Credit Card Outstanding	2,04,708	2,57,016	2,81,392	2,84,366	3,03,073	25.6	10.6	7.7
4.6. Education	96,482	1,19,380	1,30,308	1,37,456	1,49,442	23.7	15.1	14.7
4.7. Vehicle Loans	4,87,597	5,73,391	6,01,970	6,22,793	6,77,349	17.6	8.6	12.5
4.8. Loans against gold jewellery	89,370	93,301	1,47,724	2,06,284	3,37,580	4.4	121.1	128.5
5. Bank Credit	1,36,75,235	1,64,32,164	1,74,19,532	1,82,43,972	1,93,90,500	20.2	11.0	11.3
5.1 Non-food Credit	1,36,55,330	1,64,09,083	1,73,89,477	1,82,07,441	1,93,20,128	20.2	11.0	11.1

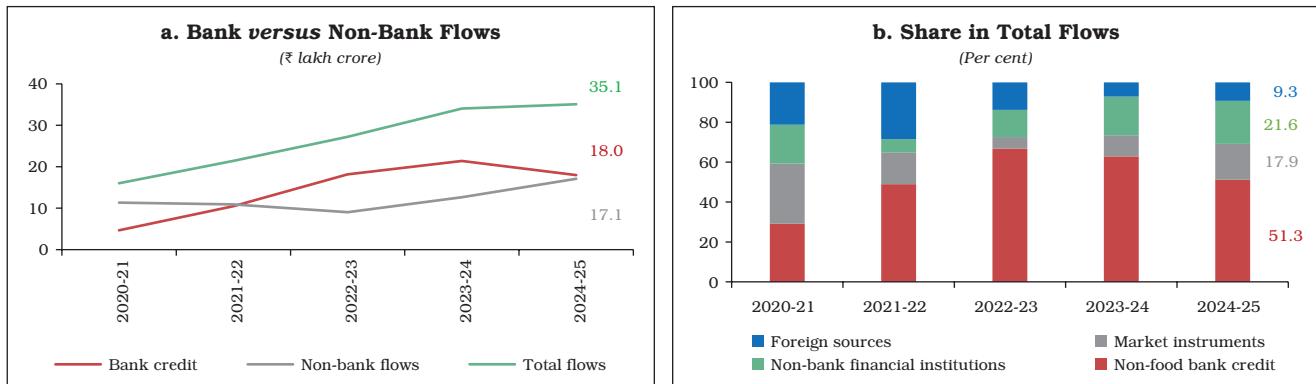
* : NBFCs include housing finance companies (HFCs), public financial institutions (PFIs), microfinance institutions (MFIs), NBFCs engaged in gold loan and others.

**: "Other Services" include mutual funds (MFs), banking and finance other than NBFCs and MFs, and other services which are not indicated elsewhere under services.

Notes: 1. Data are provisional. Bank credit, food credit and non-food credit data are based on fortnightly Section-42 return, which covers all scheduled commercial banks (SCBs), while sectoral non-food credit data are based on sector-wise and industry-wise bank credit (SIBC) return, which covers select banks accounting for about 95 per cent of total non-food credit extended by all SCBs pertaining to the last reporting Friday of the month.

Source: RBI.

Chart IV.22: Flow of Financial Resources to the Commercial Sector in India



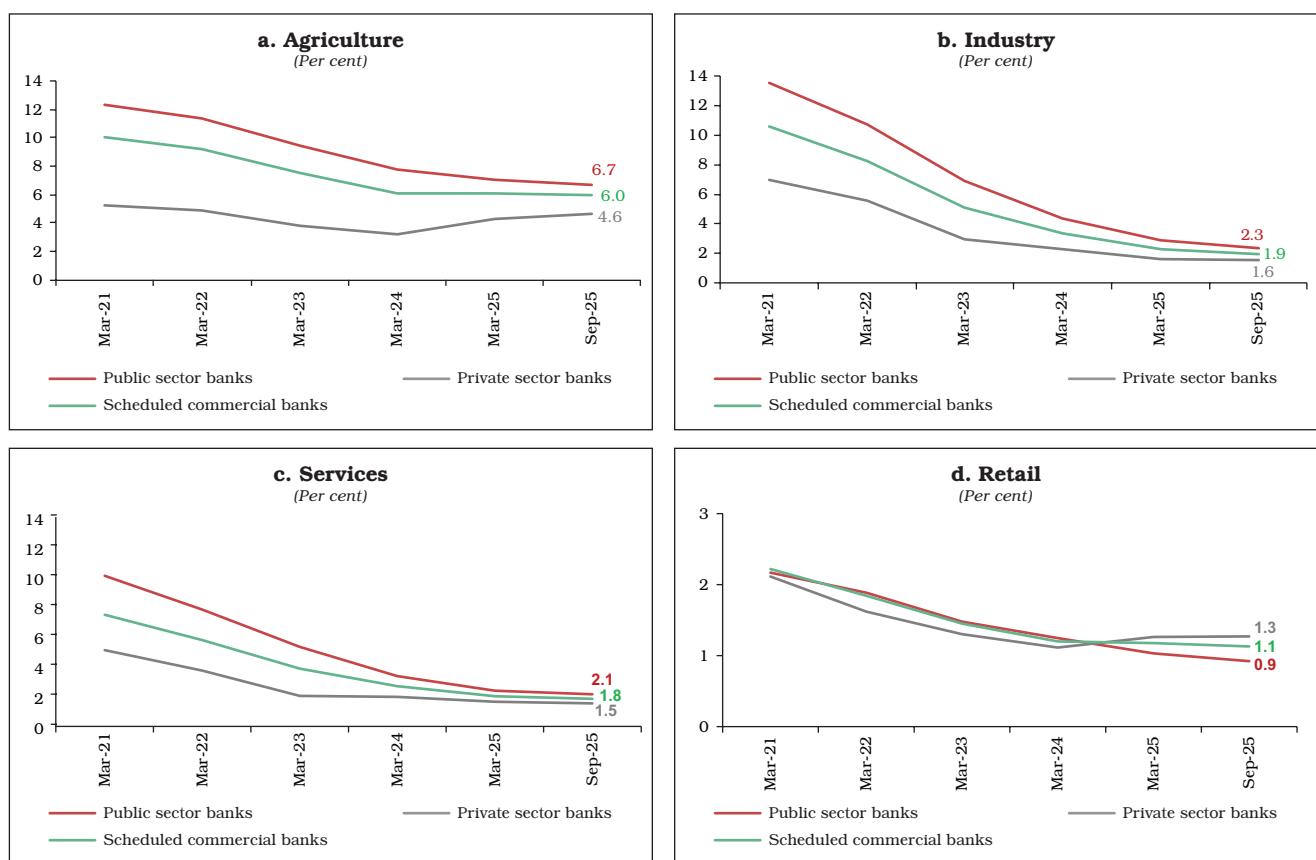
Notes: 1. Data for bank credit pertain to non-food bank credit based on Section-42 return.
2. Non-bank flows include flows from market instruments, non-bank financial institutions and foreign sources.
3. Market instruments include equities, corporate bonds, hybrid instruments and commercial papers; non-bank financial institutions include non-banking financial companies, housing finance companies and all-India financial institutions (AIFIs); and foreign sources include foreign direct investment, external commercial borrowings and short-term credit from abroad.

Sources: RBI; SEBI; NABARD; EXIM Bank; SIDBI; NHB; NaBFID; and RBI staff estimates.

IV.42 Sectoral GNPA ratios of SCBs varied across sectors at end-March 2025. The agriculture sector recorded the highest GNPA ratio, while

it was the lowest in case of retail loans. Asset quality of industry and services sector improved further at end-March 2025 for both PSBs and

Chart IV.23: Sectoral Gross Non-Performing Assets Ratio



Source: Off-site returns (domestic operations), RBI.

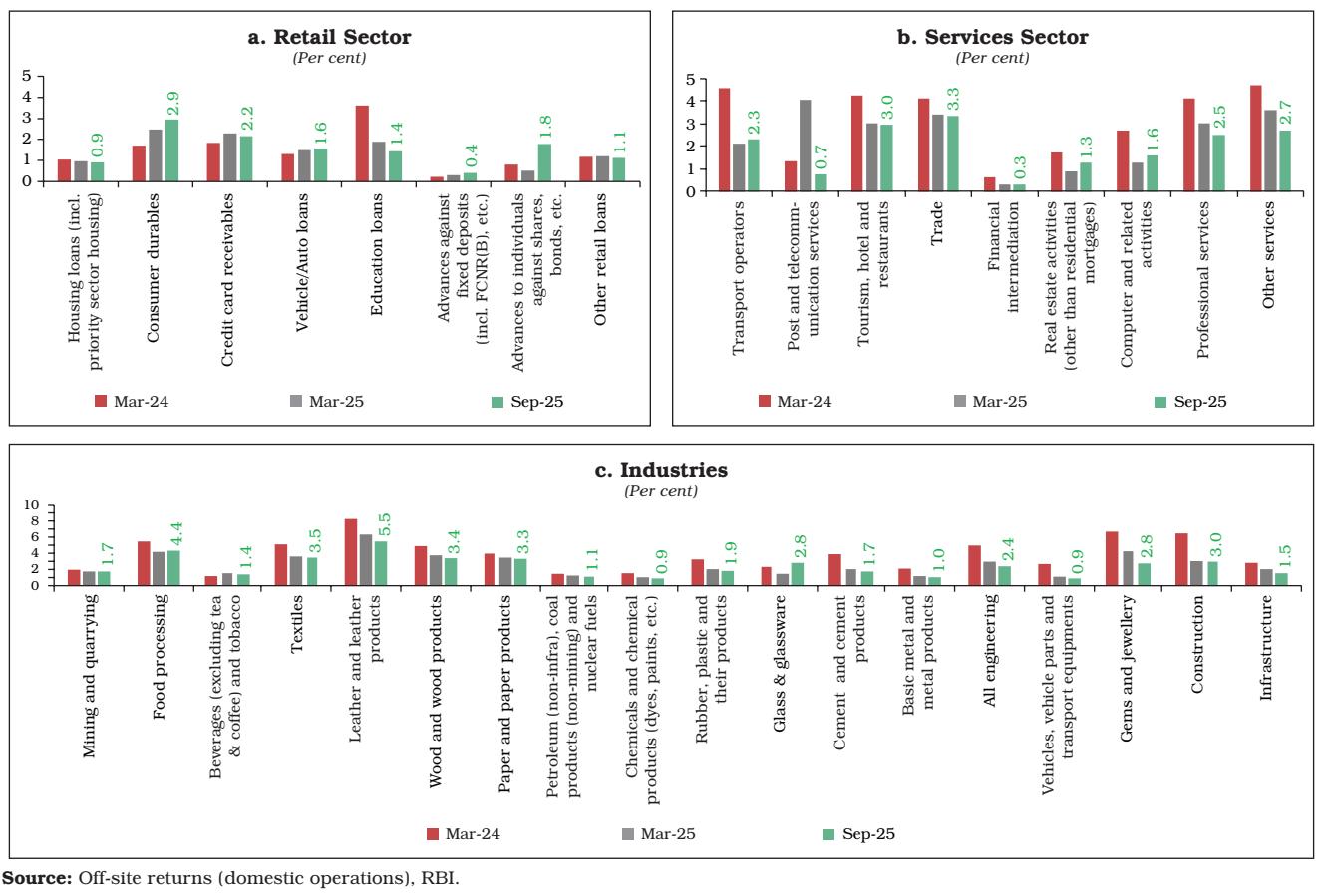
PVBs. PSBs, however, had higher GNPA ratio across all sectors as compared to PVBs, except in the retail segment. At end-September 2025, the asset quality of SCBs continued to improve across all sectors (Chart IV.23).

IV.43 Within retail loan segment, the GNPA ratio of consumer durables was the highest, followed by credit card receivables and education loans. Asset quality of education loans and housing loans improved, while it weakened for consumer durables, credit card receivables and vehicle loans at end-March 2025 (Chart IV.24a). In the services sector, asset quality improved across all sub-sectors, except for post and telecommunication segment, which recorded the highest GNPA ratio within the sector (Chart

IV.24b). Asset quality improved across all industrial sub-sectors, except for beverages and tobacco. Leather and leather products industry continued to have the highest GNPA ratio within industries, despite an improvement (Chart IV.24c).

IV.44 At end-September 2025, housing loans and education loans witnessed further improvement in asset quality within the retail segment, while leather and leather products continued to have the highest GNPA ratio within industry, despite some improvement. In contrast, credit card receivables and post and telecommunication segment recorded an improvement in asset quality at end-September 2025 as compared to end-March 2025.

Chart IV.24: Gross Non-Performing Assets Ratio in Various Sub-Sectors



5.1 Credit to the MSME Sector

IV.45 Credit growth of SCBs to micro, small and medium enterprises (MSME) sector decelerated in 2024-25, although it continued to remain in double digits. Among bank groups, PSBs' credit growth to MSME accelerated, while it moderated for PVBs (Table IV.17). MSME credit as a proportion of SCBs' total adjusted net bank credit stood at 19.0 per cent at end-March 2025 as compared with 19.3 per cent at end-March 2024.

5.2 Priority Sector Credit

IV.46 The priority sector lending of SCBs increased by 12.5 per cent in 2024-25 as compared with an increase of 16.9 per cent a year ago. The moderation in growth was led by PVBs, while PSBs recorded a marginal increase. All bank groups managed to achieve their overall priority sector lending target (Table IV.18).

Table IV.17: Credit Flow to the MSME Sector by SCBs

1	2		(Number of accounts in lakh, amount outstanding in ₹ crore)		
			3	4	5
			2022-23	2023-24	2024-25
PSBs		No. of accounts	138.6	144.5	124.6
			(-7.4)	(4.2)	(-13.7)
PVBs		Amount outstanding	10,84,954	12,22,687	14,15,994
			(13.5)	(12.7)	(15.8)
SFBs		No. of accounts	58.0	89.4	79.8
			(-35.2)	(54.2)	(-10.7)
FBS		Amount outstanding	10,60,173	13,35,238	14,84,158
			(12.7)	(25.9)	(11.2)
SCBs		No. of accounts	15.1	20.4	35.9
			(-35.0)	(34.8)	(75.8)
		Amount outstanding	29,661	67,086	91,002
			(1.2)	(126.2)	(35.6)
		No. of accounts	1.6	2.7	2.8
			(-26.3)	(72.5)	(4.1)
		Amount outstanding	85,349	1,00,261	1,17,808
			(0.0)	(17.5)	(17.5)
		No. of accounts	213.3	257.0	243.2
			(-19.4)	(20.5)	(-5.4)
		Amount outstanding	22,60,135	27,25,272	31,08,962
			(12.4)	(20.6)	(14.1)

Notes: 1. Figures in parentheses indicate y-o-y growth rates.
2. Data for SCBs excludes RRBs and PBs.
3. Constituent items may not add up to the total due to rounding off.

Source: RBI.

The total amount outstanding under Kisan Credit Cards (KCCs) increased by 3.9 per cent during 2024-25 as compared with an increase

Table IV.18: Priority Sector Lending by Banks
(At end-March 2025)

Item	Target/ sub-target (per cent of ANBC/ CEO BSE)	Public Sector Banks		Private Sector Banks		Foreign Banks		Small Finance Banks		Scheduled Commercial Banks	
		Amount outstanding	Per cent of ANBC/ CEO BSE	Amount outstanding	Per cent of ANBC/ CEO BSE	Amount outstanding	Per cent of ANBC/ CEO BSE	Amount outstanding	Per cent of ANBC/ CEO BSE	Amount outstanding	Per cent of ANBC/ CEO BSE
		1	2	3	4	5	6	7	8	9	10
Total Priority Sector Advances	40/75*	35,91,872	42.3	27,06,678	44.3	2,64,854	41.8	1,63,079	84.3	67,26,484	43.6
<i>of which</i>											
Agriculture	18.0	15,77,732	18.6	10,94,193	17.9	52,440	18.6	46,867	24.2	27,71,232	18.4
Small and Marginal Farmers	10.0	9,46,088	11.1	6,12,276	10.0	32,658	11.6	31,334	16.2	16,22,355	10.7
Non-corporate Individual Farmers#	13.8	12,62,213	14.8	8,41,598	13.8	41,658	14.8	44,678	23.1	21,90,147	14.5
Micro Enterprises	7.5	7,64,969	9.0	5,33,164	8.7	24,762	8.8	65,972	34.1	13,88,867	9.2
Weaker Sections	12.0	11,64,885	13.7	7,63,710	12.5	35,674	12.6	56,959	29.5	20,21,228	13.4

ANBC: Adjusted net bank credit; CEO BSE: Credit equivalent of off-balance sheet exposure.

*: Total priority sector lending target for small finance banks is 75 per cent. The target has been revised to 60 per cent effective from April 1, 2025.

#: Target for non-corporate farmers is based on the system-wide average of the last three years' achievement. For 2024-25, the applicable system wide average figure is 13.8 per cent.

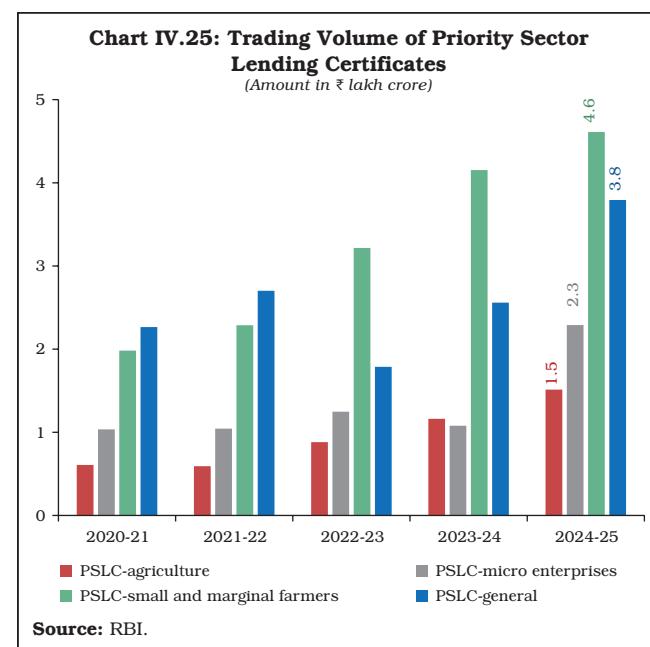
Notes: 1. Amount outstanding and achievement percentage are based on the average achievement of banks for four quarters of the financial year.
2. Data for SCBs excludes RRBs and PBs.
3. For foreign banks having less than 20 branches, only the total PSL target of 40 per cent is applicable.
4. Data are provisional.
5. Constituent items may not add up to the total due to rounding off.

Source: RBI.

of 10.8 per cent a year ago. The share of SCBs in total number and amount outstanding under KCCs was 37.5 per cent and 58.9 per cent, respectively, at end-March 2025. Region-wise, the southern region had the highest share of amount outstanding under total KCCs, while northern region had the highest share of SCBs' amount outstanding under KCCs (Appendix Table IV.8).

IV.47 The total trading volume of priority sector lending certificates (PSLCs) increased by 36.4 per cent in 2024-25, led by PSLC-General and micro enterprises. Among the four PSLC categories, the small and marginal farmers (SMF) category recorded the highest trading volume. This reflects the concentration of lending to SMF by a few specialised banks and shortfall of others in achieving this sub-target through their direct lending (Chart IV.25).

IV.48 Private sector banks remained the largest buyers and sellers of PSLCs in 2024-25. The share of PSBs as buyers of PSLCs increased, while their share as sellers of PSLCs fell. RRBs continued to be the second largest sellers of



PSLCs, reflecting their focused loan portfolio and comparative advantage in rural lending (Chart IV.26a and b).

IV.49 The weighted average premium on PSLC-Agriculture increased in 2024-25, following a steady decline in the previous three years, amidst a moderation in agriculture credit growth. Premium for PSLC-SMF also increased in 2024-25 and remained the highest amongst

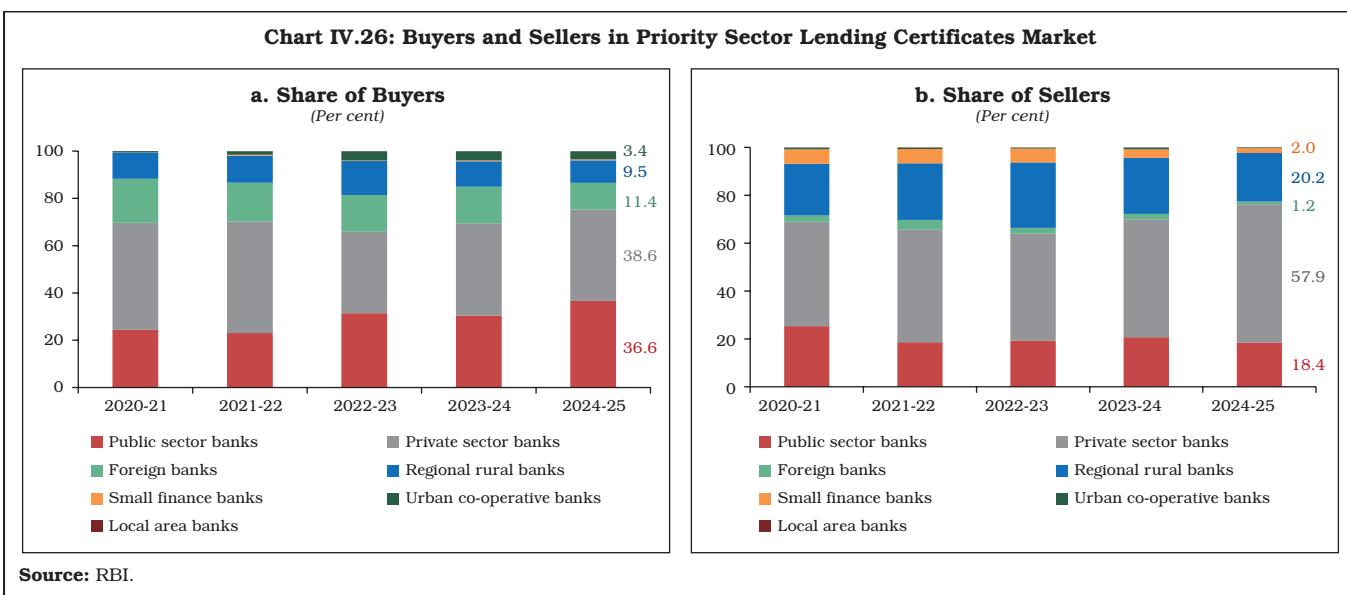


Table IV.19: Weighted Average Premium on Various Categories of PSLCs

(Per cent)

	2020-21	2021-22	2022-23	2023-24	2024-25	2024-25 (Apr-Sep)	2025-26 (Apr-Sep)
1	2	3	4	5	6	7	8
PSLC-Agriculture	1.55	1.37	0.62	0.24	0.48	0.29	1.30
PSLC-Micro Enterprises	0.88	0.95	0.16	0.04	0.01	0.01	0.01
PSLC-Small and Marginal Farmers	1.74	2.01	1.68	1.74	1.95	1.94	2.77
PSLC-General	0.46	0.60	0.19	0.02	0.01	0.01	0.01

Source: RBI.

all the categories. Premiums on PSLC-Micro Enterprises and PSLC-General continued to decline for the third consecutive year in 2024-25 (Table IV.19).

IV.50 Continuing the improvement in asset quality of priority sector advances since 2021-22, the GNPA ratio declined to 4.0 per cent at end-March 2025 from 4.4 per cent a year ago. Nonetheless, the share of priority sector in total GNPA of SCBs increased to 64.7 per cent in

2024-25 from 58.2 per cent in the previous year, as the non-priority sector NPAs fell. Agriculture sector accounted for the highest share of GNPA in the priority sector (Table IV.20).

IV.51 PSBs extended 42.3 per cent of their adjusted net bank credit (ANBC)/ credit equivalent of off-balance sheet exposure (CEOBS) to the priority sector, however, the sector accounted for 72.6 per cent of their total NPAs. In comparison, priority sector exposure

Table IV.20: Sector-wise GNPA of Banks
(At end-March)

(Amount in ₹ crore)

Bank Group	Priority Sector		Of which						Non-priority Sector		Total NPAs	
			Agriculture		Micro and Small Enterprises		Others					
	Amount	Per cent*	Amount	Per cent*	Amount	Per cent*	Amount	Per cent*	Amount	Per cent*	Amount	Per cent*
1	2	3	4	5	6	7	8	9	10	11	12	13
PSBs												
2024	2,09,837	65.4	1,07,647	33.6	78,592	24.5	23,598	7.4	1,10,903	34.6	3,20,740	100
2025	1,98,557	72.6	1,07,818	39.4	70,708	25.9	20,032	7.3	74,856	27.4	2,73,413	100
PVBs												
2024	49,986	40.5	21,211	17.2	18,340	14.8	10,435	8.4	73,553	59.5	1,23,540	100
2025	63,520	48.7	31,050	23.8	21,041	16.1	11,429	8.8	66,856	51.3	1,30,376	100
FBS												
2024	1,796	27.5	162	2.5	1,315	20.2	318	4.9	4,728	72.5	6,523	100
2025	1,659	31.2	147	2.8	1,235	23.2	277	5.2	3,662	68.8	5,321	100
SFBs												
2024	4,030	72.1	1,878	33.6	1,179	21.1	973	17.4	1,561	27.9	5,590	100
2025	7,602	76.1	3,978	39.8	2,254	22.6	1,370	13.7	2,387	23.9	9,989	100
SCBs												
2024	2,65,649	58.2	1,30,898	28.7	99,426	21.8	35,324	7.7	1,90,744	41.8	4,56,393	100
2025	2,71,338	64.7	1,42,992	34.1	95,238	22.7	33,108	7.9	1,47,761	35.3	4,19,099	100

*: Per cent of total NPAs.

Notes: 1. Constituent items may not add up to the total due to rounding off.

2. Data for SCBs excludes RRBs and PBs.

Source: Off-site returns (domestic operations), RBI.

of PVBs stood at 44.3 per cent, contributing 48.7 per cent to their total NPAs. For SFBs, the share of priority sector lending in their ANBC/CEOBS declined to 84.3 per cent at end-March 2025 from 90.6 per cent a year ago, while the proportion of priority sector NPAs in their total NPAs increased to 76.1 per cent from 72.1 per cent (Table IV.18 and Table IV.20).

5.3 Credit to Sensitive Sectors

IV.52 Banks' exposure to the capital market and real estate is reckoned as sensitive in view of the risks inherent in asset price fluctuations. Based on annual accounts data¹⁴, at end-March 2025, SCBs' exposure to these sensitive sectors, as a share of their total loans and advances at 27.1 per cent remained broadly similar to the previous year (Appendix Table IV.9).

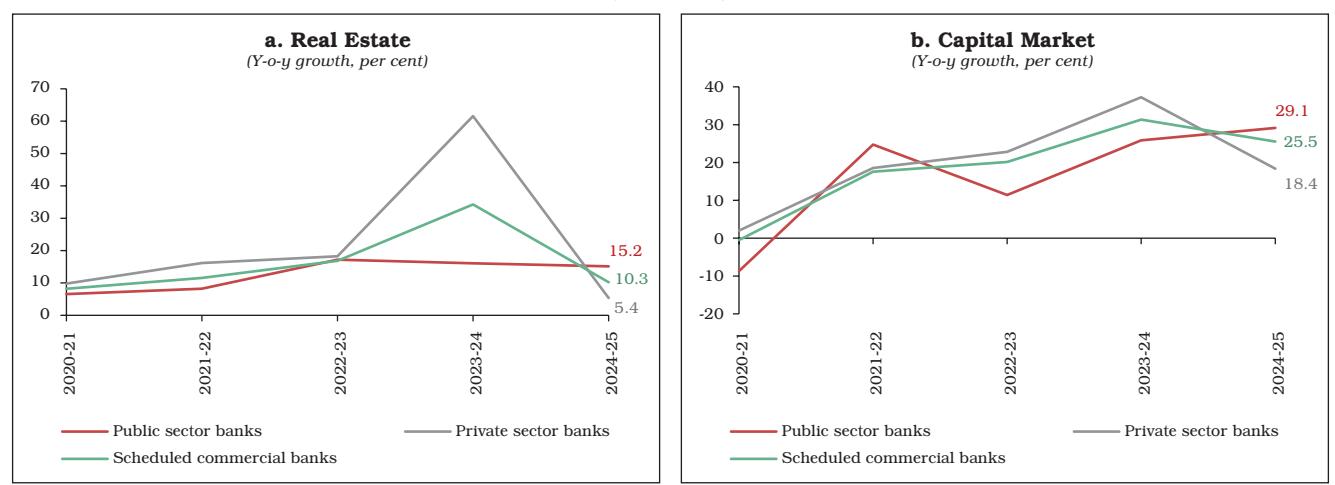
IV.53 PVBs witnessed a steep deceleration in growth of exposures to sensitive sectors during 2024-25, following a sharp increase in the previous year, reflecting the merger impact. On the contrary, PSBs' exposure growth to

capital markets accelerated, while it fell marginally in case of real estate sector (Charts IV.27 a and b).

5.4 Unsecured Lending

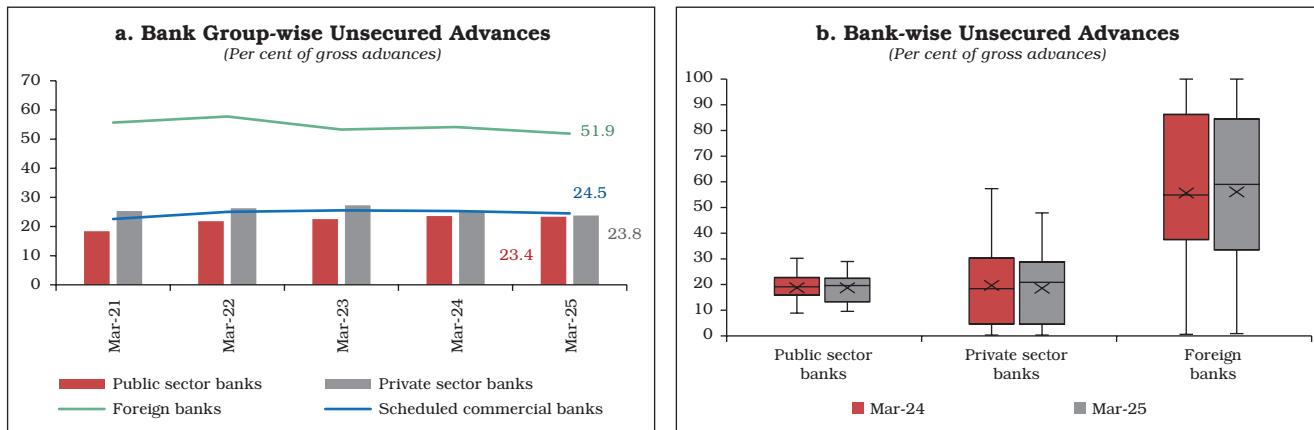
IV.54 Unsecured lending, characterised by credit exposures not backed by tangible collateral, entails higher credit risk for banks in the event of default. At end-March 2025, the share of unsecured loans in SCBs' gross advances declined for the second consecutive year to 24.5 per cent. This partly reflects the impact of the Reserve Bank's risk containment measures announced in November 2023. Foreign banks continued to have the highest share of unsecured advances, while the share of public and private sector banks has gradually converged in recent years (Chart IV.28a). The mean, median as well as dispersion of bank-wise exposure to unsecured loans was the highest amongst foreign banks. In 2024-25, the mean exposure of PVBs to unsecured loans declined, while the median increased relative to the previous year.

Chart IV.27: Banks' Exposure to Sensitive Sectors
(At end-March)



¹⁴ Statistical Tables Relating to Banks in India.

Chart IV.28: Share of Unsecured Advances of Banks



Notes: 1. Data for SCBs exclude RRBs.

2. The whiskers of the boxplots are indicative of maximum and minimum values. A colored box shows distance between first and third quartile. Horizontal line in each box shows the median, while 'X' shows the mean.

Source: Annual accounts of banks.

A similar, though less pronounced, pattern was observed for PSBs (Chart IV.28b).

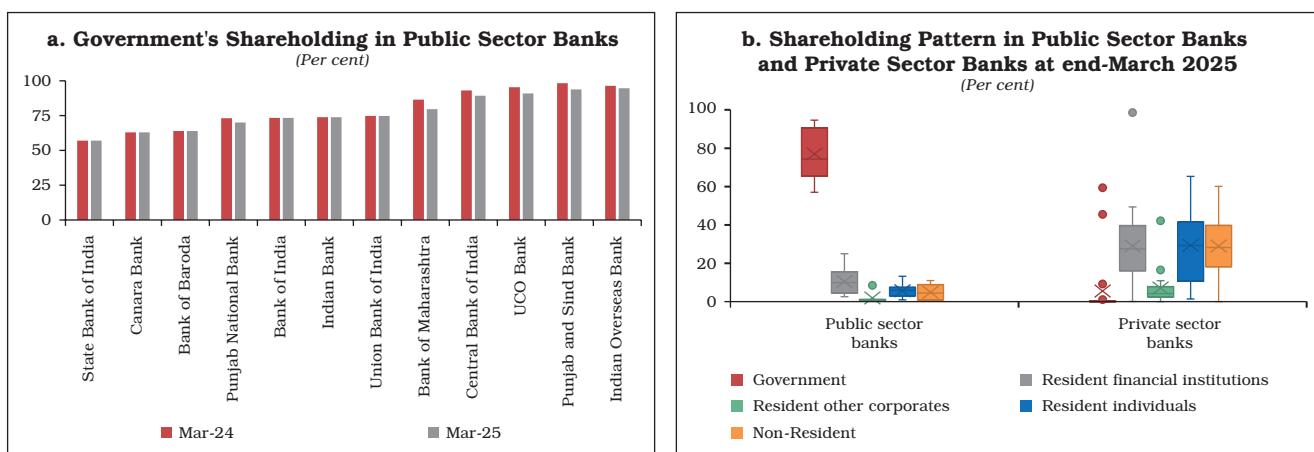
6. Ownership Pattern

IV.55 PSBs are majorly owned and controlled by the Government of India. During 2024-25, six PSBs witnessed a decline in Government's shareholding as they raised equity funds from the capital market. Among them, five banks had

Government's shareholding of more than 75 per cent at end-March 2025 (Chart IV.29a and Appendix Table IV.10).¹⁵

IV.56 PVBs have a more diversified ownership pattern with a higher share of institutional and foreign investors (Chart IV.29b). The aggregate foreign investment limit is 74 per cent for PVBs and 20 per cent for PSBs.¹⁶

Chart IV.29: Ownership Pattern of Banks



Note: The whiskers of the boxplots are indicative of maximum and minimum values. A colored box shows distance between first quartile and third quartile. Horizontal line in each box shows the median, while 'X' shows the mean.

Source: Off-site returns (domestic), RBI.

¹⁵ The Government of India *vide* its notification dated July 19, 2024, granted exemption up to August 1, 2026 to listed public sector companies to meet the SEBI's minimum public shareholding requirement of 25 per cent.

¹⁶ In case of SFBs, PBs, and LABs, the aggregate foreign investment limit is the same as applicable to PVBs.

7. Corporate Governance

IV.57 Good corporate governance is critical for efficiency in allocation of resources, protection of depositors' and other stakeholders' interests, and preservation of financial stability.

7.1 Composition of Boards

IV.58 Independent directors contribute to the Board's deliberations by providing independent judgement especially on issues of strategy, performance, risk management, resources, key appointments, and standard of conduct. The Reserve Bank on April 26, 2021 issued instructions for the composition of certain committees of the Board; Chair and meetings of the Board; age, tenure and remuneration of directors; and appointment of the whole-time directors for robust and transparent risk management and decision-making in banks.¹⁷ At end-March 2025, the average share of independent directors in the Board was 63 per cent for PVBs and 67 per cent for SFBs (Table IV.21).¹⁸

IV.59 Banks are required to constitute a Risk Management Committee of Board (RMCB), with a majority of non-executive directors. The Chair of the Board may be a member of the RMCB only if he/she has the requisite risk management expertise. The proportion of PVBs in which the Chair is not a member of the RMCB decreased to 33 per cent at end-March 2025 from 38 per cent at end-March 2024. In case of SFBs, the proportion increased to 36 per cent at end-March 2025 from 33 per cent at end-March 2024.

7.2 Executive Compensation

IV.60 To maintain balance between short-term risk-taking and long-term stability, on November 4, 2019, the Reserve Bank issued revised guidelines on compensation of whole-time directors/ chief executive officers/ material risk takers and control function staff in banks.¹⁹ At end-March 2024, the average share of actual variable pay in total remuneration of Managing Directors (MDs) & Chief Executive Officers (CEOs) increased to 46 per cent for PVBs, while it

Table IV.21: Independent Directors on the Board and its Committees
(At end-March)

Bank Group	Board		Risk Management Committee of Board (RMCB)		Nomination and Remuneration Committee (NRC)		Audit Committee of the Board (ACB)		(Share in per cent)
			2024	2025	2024	2025	2024	2025	
	1	2	3	4	5	6	7	8	9
Private Sector Banks	65	63	70	69	85	86	87	89	
Small Finance Banks	67	67	73	75	79	80	82	84	

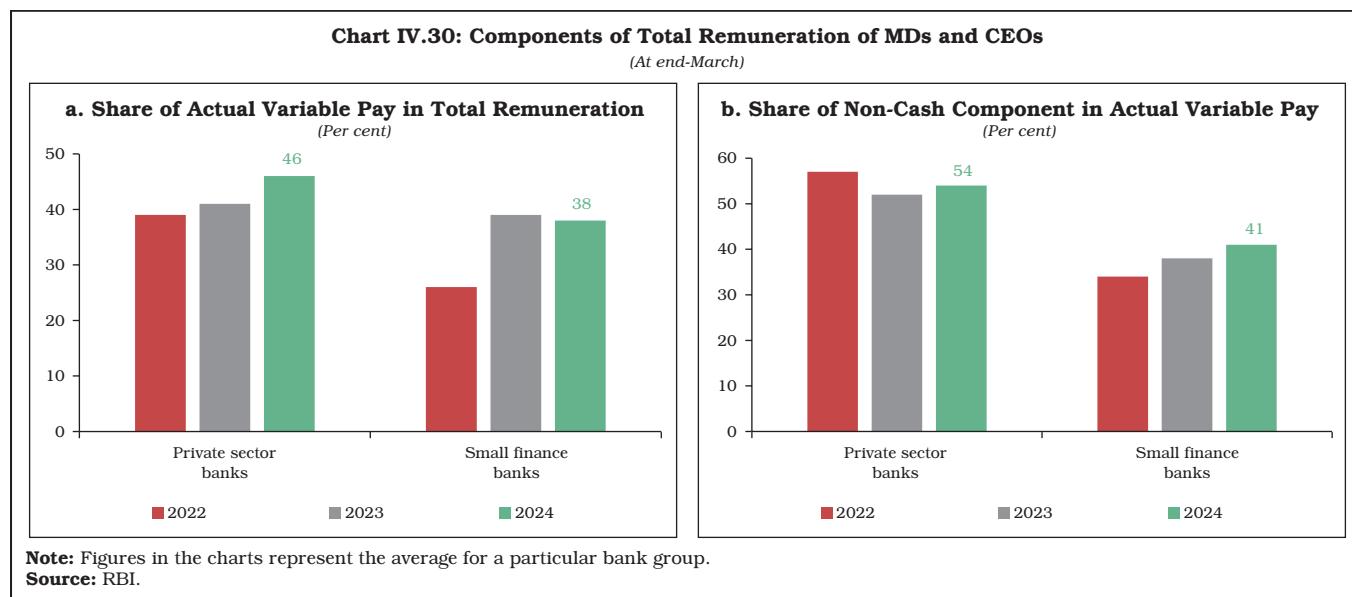
Note: Figures in the table represent the average for a particular bank group.

Sources: Annual reports; and websites of banks.

¹⁷ These guidelines have since been consolidated under Reserve Bank of India (Governance) Directions, 2025, issued separately for commercial banks, SFBs and other banks.

¹⁸ The instructions specify that at least half of the directors attending the meetings of the Board shall be independent directors; half of the members attending the meeting of the Risk Management Committee of Board shall be independent directors, of which at least one member shall have professional expertise/qualification in risk management; half of the members attending the meeting of the Nomination and Remuneration Committee shall be independent directors, of which one shall be a member of the Risk Management Committee; at least two-thirds of the members attending the meeting of the Audit Committee of the Board shall be independent directors.

¹⁹ These guidelines have since been consolidated under Reserve Bank of India (Governance) Directions, 2025, issued separately for commercial banks, SFBs and other banks. These guidelines require a substantial portion of compensation (at least 50 per cent) to be variable and to be paid on the basis of individual, business-unit and firm-wide indicators that adequately measure performance. The guidelines also stipulate that if the target variable pay is up to 200 per cent (above 200 per cent) of fixed pay, then minimum 50 per cent (67 per cent) of target variable pay shall be *via* non-cash components.



decreased to 38 per cent for SFBs (Chart IV.30a). The average share of the non-cash component in the actual variable pay of MDs & CEOs increased for both PVBs and SFBs at end-March 2024 from a year ago (Chart IV.30b).

8. Foreign Banks' Operations in India and Overseas Operations of Indian Banks

IV.61 At end-March 2025, the number of foreign banks operating through branch/ wholly-owned subsidiary mode in India declined to 44, following the exit of one bank during the year. The change in number of branches of foreign banks reflect their continuous re-alignment of global business

strategy and business value optimisation. The number of foreign banks having representative offices in India remained unchanged during the year (Table IV.22).

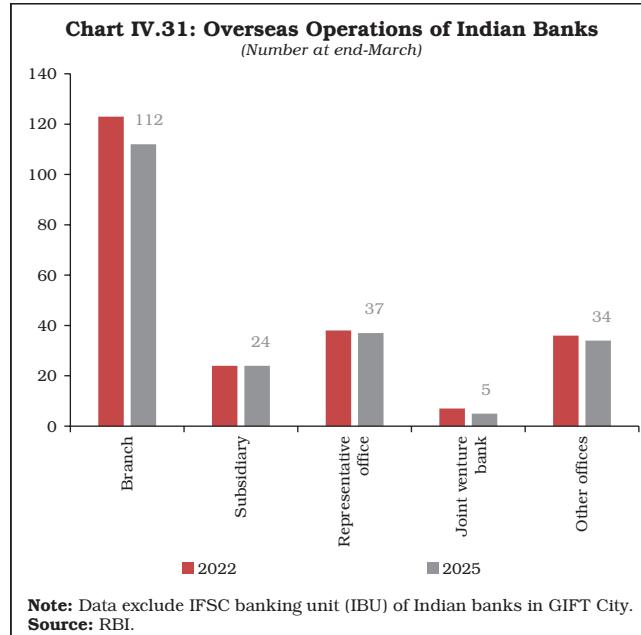
IV.62 Indian banks too maintained geographical presence abroad for conduct of their overseas operations through branches, subsidiaries, representative offices, joint venture banks, and other offices (Chart IV.31). PSBs had a wider

Table IV.22: Operations of Foreign Banks in India
(At end-March)

Period	Foreign banks operating through branch/ wholly-owned subsidiary mode		Foreign banks having representative offices
	No. of Banks	Branches#	
1	2	3	4
2022	45	861	34
2023	44	782	33
2024	45	780	31
2025	44	775	31

#: Including branches of two foreign banks, *viz.*, SBM Bank (India) Limited and DBS Bank (India) Limited which are operating through wholly-owned subsidiary mode.

Source: RBI.



overseas presence than their private sector counterparts (Appendix Table IV.11).

9. Payment Systems

IV.63 India's payment systems have witnessed rapid strides in terms of acceptance infrastructure, availability, and user adoption, and are playing an integral role in supporting economic activity and fostering financial inclusion. Particularly, digital payment products have grown manifold aided by technological advancements, sound and supportive regulatory framework, and policy initiatives at promoting cashless transactions. In line with Payments Vision 2025, the Reserve Bank's policy initiatives focus on providing safe, secure, fast, convenient, accessible, and affordable e-payment options to every user.

9.1 Digital Payments

IV.64 During 2024-25, digital payments grew by 17.9 per cent in value terms, accounting for 97.6 per cent of India's total payments. In contrast, payments through paper-based instruments (cheques) declined during the year, representing

the remaining 2.4 per cent. In volume terms, growth in digital payments was much higher at 35 per cent amidst increasing usage of digital methods for small value payments. Consequently, the average value of retail digital payments decreased to ₹3,830 during 2024-25 from ₹4,382 during 2023-24 (Chart IV.32).

IV.65 The unified payments interface (UPI) accounted for a majority share in the volume of transactions, while real time gross settlement (RTGS), which facilitates high value transactions, accounted for the largest share in value term. Furthermore, while the usage of debit cards has declined, payments through credit cards continued to increase in recent periods (Table IV.23).

IV.66 The Reserve Bank of India-Digital Payments Index (RBI-DPI), launched in January 2021 and computed semi-annually, captures the extent of digitalisation of payments across the country. The index comprises of five broad parameters: payment enablers; payment infrastructure – demand-side factors; payment infrastructure – supply-side factors; payment

Chart IV.32: Transaction Volume and Average Value of Retail Digital Payments
(Crore, left scale; ₹, right scale)

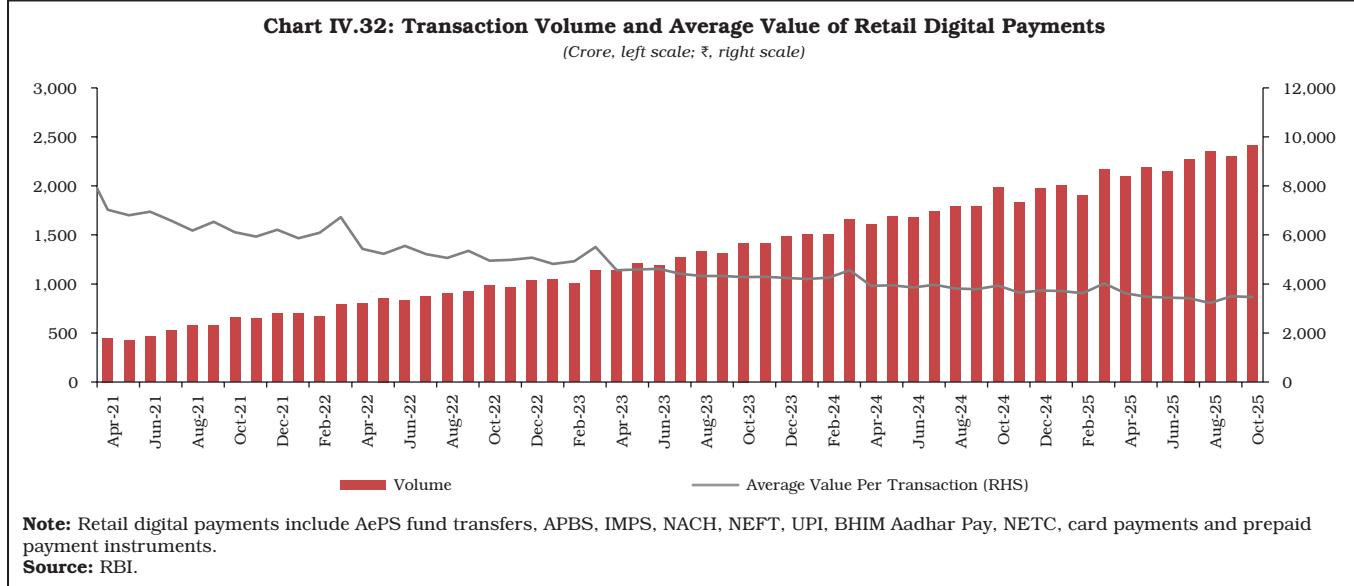


Table IV.23: Payment Systems Indicators

Item	Volume (lakh)			Value (₹ crore)		
	2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
1	2	3	4	5	6	7
1. Large Value Credit Transfers – RTGS	2,426	2,700	3,025	14,99,46,286	17,08,86,670	20,13,87,682
2. Credit Transfers	9,83,621	14,86,107	20,61,015	5,50,09,620	6,75,42,859	7,98,81,976
2.1 AePS (Fund Transfers)	6	4	4	356	261	190
2.2 APBS	17,834	25,888	32,964	2,47,535	3,90,743	5,54,034
2.3 ECS Credit	0	0	0	0	0	0
2.4 IMPS	56,533	60,053	56,250	55,85,441	64,95,652	71,39,110
2.5 NACH Credit	19,257	16,227	16,939	15,41,815	15,25,104	16,70,223
2.6 NEFT	52,847	72,640	96,198	3,37,19,541	3,91,36,014	4,44,61,464
2.7 UPI	8,37,144	13,11,295	18,58,660	1,39,14,932	1,99,95,086	2,60,56,955
3. Debit Transfers and Direct Debits	15,343	18,250	21,660	12,89,611	16,87,658	22,08,583
3.1 BHIM Aadhaar Pay	214	194	230	6,791	6,112	6,907
3.2 ECS Debit	0	0	0	0	0	0
3.3 NACH Debit	13,503	16,426	19,762	12,80,219	16,78,769	21,99,327
3.4 NETC (linked to bank accounts)	1,626	1,629	1,668	2,601	2,777	2,349
4. Card Payments	63,325	58,470	63,861	21,52,245	24,23,563	26,05,110
4.1 Credit Cards	29,145	35,610	47,741	14,32,255	18,31,134	21,09,197
4.2 Debit Cards	34,179	22,860	16,120	7,19,989	5,92,429	4,95,914
5. Prepaid Payment Instruments	74,667	78,775	70,254	2,87,111	2,83,048	2,16,751
6. Paper-based Instruments	7,109	6,632	6,095	71,72,904	72,12,333	71,13,350
Total Digital Payments (1+2+3+4+5)	11,39,382	16,44,302	22,19,815	20,86,84,872	24,28,23,799	28,63,00,103
Total Retail Payments (2+3+4+5+6)	11,44,065	16,48,234	22,22,885	6,59,11,490	7,91,49,461	9,20,25,771
Total Payments (1+2+3+4+5+6)	11,46,491	16,50,934	22,25,910	21,58,57,776	25,00,36,131	29,34,13,453

AePS: Aadhaar-enabled Payment System, APBS: Aadhaar Payment Bridge System, BHIM: Bharat Interface for Money, ECS: Electronic Clearance Service, IMPS: Immediate Payment Service, NACH: National Automated Clearing House, NEFT: National Electronic Funds Transfer, NETC: National Electronic Toll Collection, RTGS: Real Time Gross Settlement, UPI: Unified Payments Interface.

Note: Components may not add up to total due to rounding off.

Source: RBI.

performance; and consumer centricity. The index value for March 2025 increased to 493.2

from 445.5 a year ago, driven by significant growth in payment infrastructure and payment performance across the country (Chart IV.33).

9.2 ATMs

IV.67 During 2024-25, the total number of automated teller machines (ATMs) declined moderately, driven by reduction in off-site ATMs even while on-site ATMs increased. Increase in digitalisation of payments has reduced the customers' requirement of transacting with ATMs. PSBs accounted for the highest share in the total number of ATMs, followed by PVBs, and white label ATMs – those owned and operated by non-bank entities, at end-March 2025 (Table IV.24 and Appendix Table IV.12).

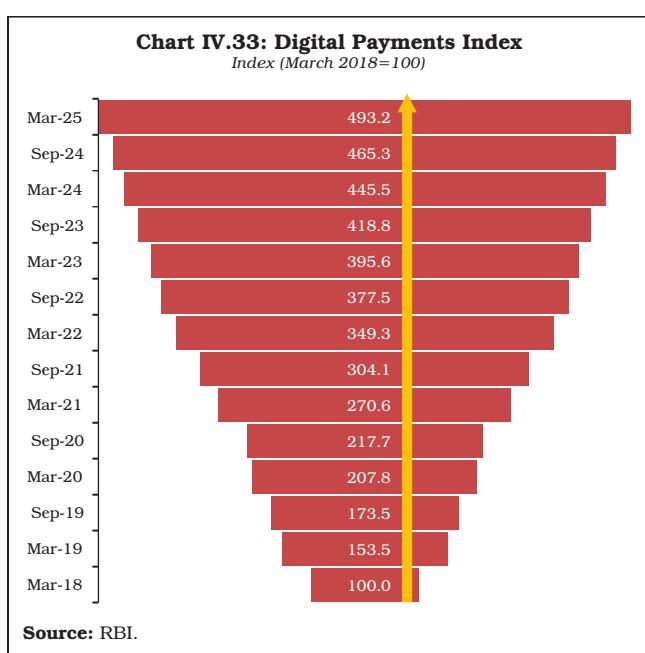


Table IV.24: Number of ATMs*
(At end-March)

Bank Group	On-site ATMs		Off-site ATMs		Total ATMs	
	2024	2025	2024	2025	2024 (2+4)	2025 (3+5)
1	2	3	4	5	6	7
Public Sector Banks	77,033	79,865	57,661	53,679	1,34,694	1,33,544
Private Sector Banks	45,438	47,713	34,446	29,404	79,884	77,117
Foreign Banks	603	587	566	406	1,169	993
Small Finance Banks	3,042	3,158	26	29	3,068	3,187
Payments Banks	0	0	0	0	0	0
SCBs	1,26,116	1,31,323	92,699	83,518	2,18,815	2,14,841
White Label ATMs	0	0	34,602	36,216	34,602	36,216
Total	1,26,116	1,31,323	1,27,301	1,19,734	2,53,417	2,51,057

* Includes cash recycler machines.

Note: Data does not include ATMs of regional rural banks, local area banks, and co-operative banks.

Source: RBI.

IV.68 PSBs had a more even distribution of ATMs across population groups, while the presence of ATMs of other bank groups was towards metropolitan, urban, and semi-urban centres. In contrast, 79.4 per cent of the total white label ATMs were in rural and semi-urban centres at end-March 2025 (Table IV.25).

10. Technology Adoption

IV.69 The Reserve Bank has been working to create an enabling regulatory environment for fostering innovation and ensuring financial system integrity. Among various emerging technologies, artificial intelligence (AI) is a transformational technology with potential for improving customer engagement, unlocking new forms of credit assessment and delivery, strengthening risk management and fraud detection. Towards this end, the Reserve Bank's Framework for Responsible and Ethical Enablement of AI (FREE-AI) seeks to encourage innovation in the financial sector while balancing risk mitigation. The Report on FREE-AI was placed on the RBI website on August 13, 2025.

IV.70 A recent survey conducted by the Reserve Bank indicates that banks are increasingly viewing innovation as a structured component of long-term digital modernisation rather than an episodic experimentation (Box IV.1).

11. Consumer Protection

IV.71 Consumer protection is one of the key priorities of the Reserve Bank. The Reserve Bank promotes consumer education and protection by monitoring the internal grievance

Table IV.25: Population Group-wise Distribution of ATMs of Bank Groups*
(At end-March 2025)

Bank Group	Rural	Semi-urban	Urban	Metropol-itan	Total
1	2	3	4	5	6
Public Sector Banks	28,481 (21.3)	39,630 (29.7)	33,589 (25.2)	31,844 (23.8)	1,33,544 (100.0)
Private Sector Banks	7,569 (9.8)	20,811 (27.0)	18,945 (24.6)	29,792 (38.6)	77,117 (100.0)
Foreign Banks	82 (8.3)	282 (28.4)	265 (26.7)	364 (36.7)	993 (100.0)
Small Finance Banks	293 (9.2)	992 (31.1)	953 (29.9)	949 (29.8)	3,187 (100.0)
Payments Banks	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
SCBs	36,425 (17.0)	61,715 (28.7)	53,752 (25.0)	62,949 (29.3)	2,14,841 (100.0)
White Label ATMs	16,578 (45.8)	12,164 (33.6)	4,733 (13.1)	2,741 (7.6)	36,216 (100.0)

*: Includes cash recycler machines.

Notes: 1. Figures in parentheses indicate percentage share of population groups in total ATMs for bank groups.

2. Components may not add up to total due to rounding off.

Source: RBI.

Box IV.1: Evolving Technology and Innovation Priorities of Indian Banks²⁰

To enhance understanding of how Indian banks are shaping, sequencing and operationalising technological modernisation within a prudentially regulated environment, the Reserve Bank undertook a survey during 2025. The sample included nine PSBs, 16 PVBs and six SFBs, accounting for around 66 per cent of total bank credit as on October 31, 2025.

The surveyed banks are broadly aligned in recognising that innovation is central to sustaining competitiveness, strengthening resilience and enhancing customer experience. A number of banks view innovation as a catalyst for technology-enabled process re-engineering to deliver improved efficiency, service quality and risk management. Several banks view innovation as a capability-enhancing exercise for strengthening analytical depth, improving decision-making and enabling more agile service delivery, while others view innovation as an investment in strengthening the digital foundations for cybersecurity, operational resilience, and regulatory compliance.

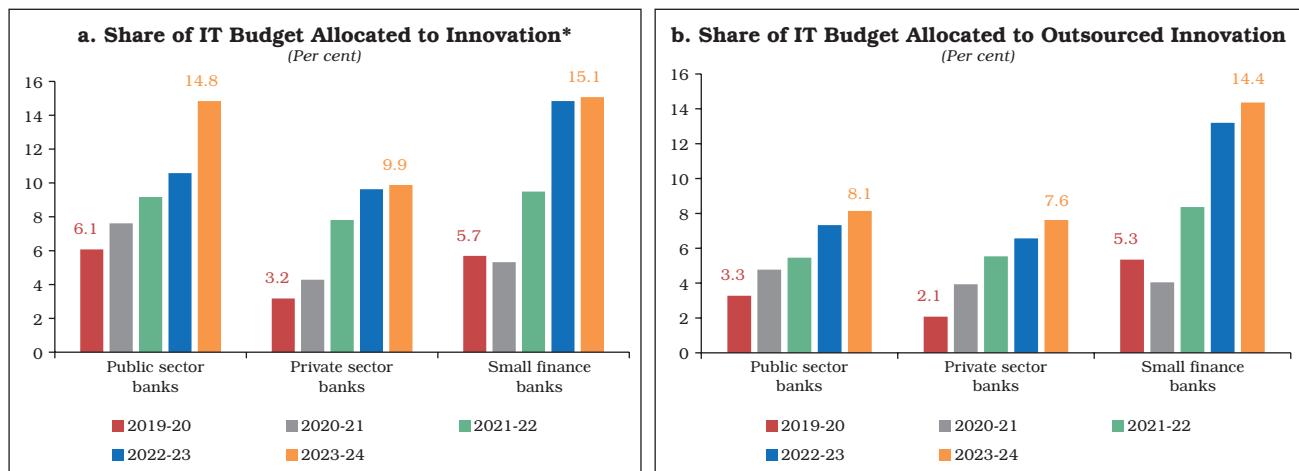
Technology spending directed specifically towards innovative or transformative capabilities has increased significantly across all bank groups between 2019-20 to 2023-24 (Chart IV.1.1a). The share of innovation-related technology

delivered through outsourcing/ third party arrangements has also increased, suggesting expanding role for specialised external providers (Chart IV.1.1b). Predominant technologies adopted through third parties include cloud-hosted platforms, vendor-supported cybersecurity solutions and modular digital platforms.

There is a substantial convergence on areas of innovation and transformative technologies receiving emphasis by banks. Cloud services, enterprise data and analytics platforms, AI/ML applications, and cybersecurity enhancements are increasingly shaping banks' longer-term technology strategies. Application programming interface (API)-based architectures and banking-as-a-service models feature prominently in the survey responses, while robotic process automation, digital identity systems, and distributed ledger technologies were also cited in several responses, though with relatively less emphasis.

Overall, the survey findings highlight an increase in innovation-related spending across bank groups, suggesting that digital transformation has become a core strategic and operational priority rather than a peripheral initiative.

Chart IV.1.1: Banks' Spending on Innovation



*: Includes both in-house and outsourced innovation.

Source: RBI.

redressal mechanism in its regulated entities, and administering the alternate grievance redress mechanism – comprising the RBI

Ombudsman, Consumer Education and Protection Cells and Consumer Education and Protection Department.²¹ As part of its customer-

²⁰ The analysis is based on inputs provided by surveyed banks and should not be interpreted as system-wide trends.

²¹ The RBI Ombudsman functions under the framework of Reserve Bank-Integrated Ombudsman Scheme (RB-IOS), 2021, enabling the customers of regulated entities such as banks, non-banking financial companies, payment system participants and credit information companies to register their complaints at one centralised reference point. The Consumer Education and Protection Cells (CEPCs) take up complaints against regulated entities not falling under the ambit of RB-IOS, 2021. Consumer Education and Protection Department (CEPD) provides assistance to the Appellate Authority under the RB-IOS and processes the appeal cases.

centric approach, state co-operative banks and central co-operative banks were brought under the ambit of the Reserve Bank – Integrated Ombudsman Scheme, 2021, effective November 1, 2025.

11.1 Grievance Redressal

IV.72 During 2024-25, the Offices of the RBI Ombudsman (ORBIOs) received 2.96 lakh complaints²², an increase of 0.8 per cent over the previous year. Majority of the complaints at ORBIOs was received from metropolitan and urban centres (Chart IV.34a). Complaints against PVBs and PSBs accounted for 72.3 per cent of the total complaints received by ORBIOs during the year (Chart IV.34b).

IV.73 Complaints relating to loans and advances, credit cards, mobile/ internet banking, and deposit accounts contributed to around four-fifths of the total complaints received by ORBIOs during 2024-25. The credit

Table IV.26: Number of Complaints Received by Offices of the RBI Ombudsman: Category-wise

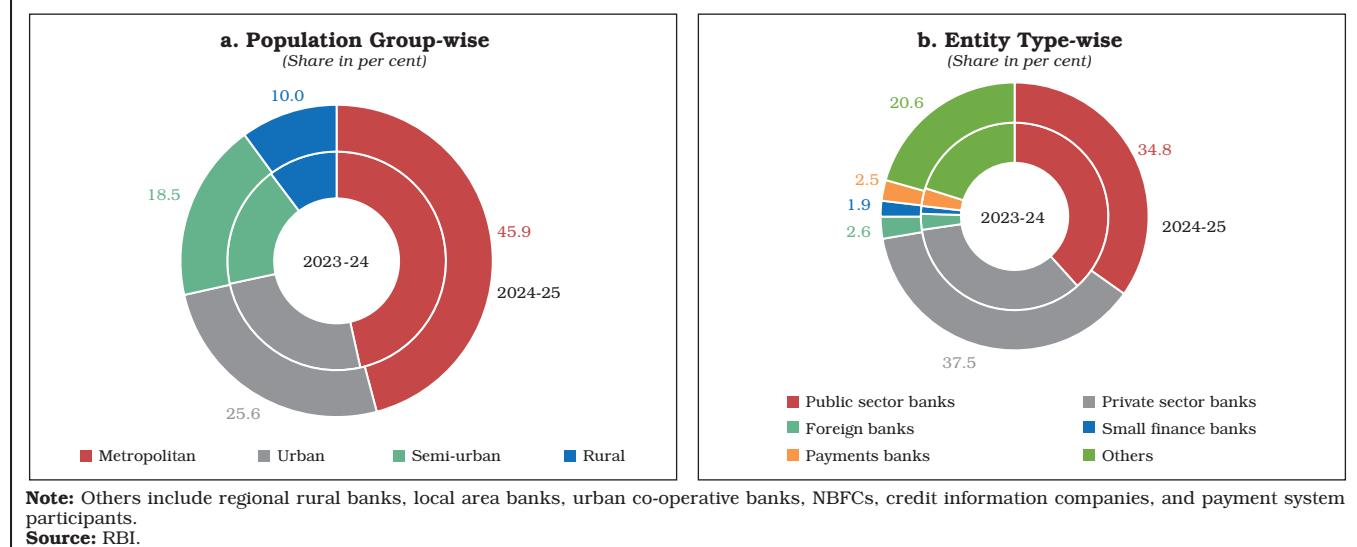
Item	2022-23	2023-24	2024-25
1	2	3	4
Loans and Advances	59,762	85,281	86,670
Credit Cards	34,151	42,329	50,811
Mobile/ Electronic Banking	43,167	57,242	49,951
Deposit Accounts	34,481	46,358	49,913
Others	22,587	24,355	30,760
ATM/ Debit Cards	29,929	25,231	18,082
Remittances	2,940	4,101	3,702
Para-banking	2,782	4,380	3,322
Pension Payments	4,380	4,108	2,719
Notes and Coins	511	539	391
Total	2,34,690	2,93,924	2,96,321

Source: RBI.

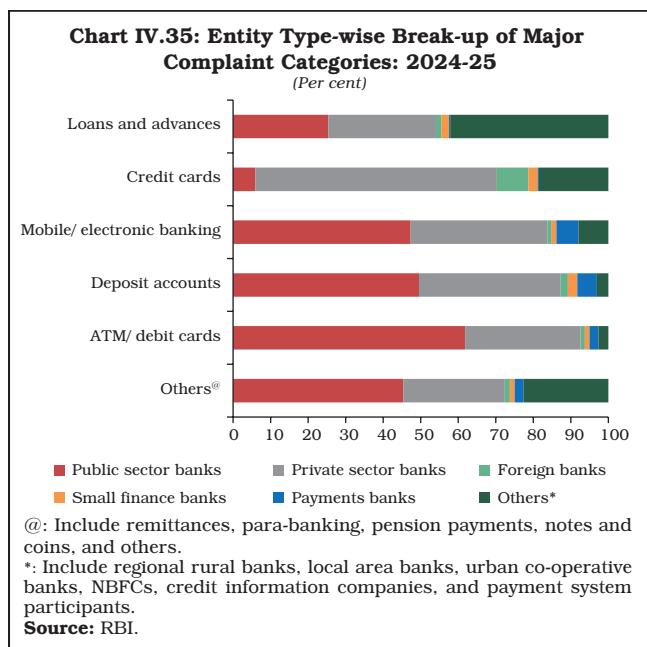
cards category witnessed the highest increase in the number of complaints during 2024-25 (Table IV.26).

IV.74 Among banks, PVBs accounted for the highest share in complaints related to loans and advances and credit cards, while a majority of complaints relating to mobile/electronic banking, deposit accounts, and ATM/debit cards were against PSBs (Chart IV.35).

Chart IV.34: Distribution of Complaints Received at ORBIOs



²² Excluding complaints closed at Centralised Receipt and Processing Centre (CRPC) and complaints auto-closed by Complaint Management System (CMS) as non-maintainable complaints.



IV.75 The ORBIOs disposed of a total of 2.91 lakh complaints out of 3.12 lakh handled complaints, maintaining a disposal rate of 93.1 per cent during 2024-25.²³

11.2 Deposit Insurance

IV.76 Deposit insurance is an important feature of the financial safety-net system as it bolsters public confidence in the banking system. In India, the Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly owned subsidiary of the Reserve Bank, administers deposit insurance covering all commercial banks, including RRBs, LABs, and co-operative banks. At end-March 2025, DICGC extended insurance to 1,982 banks, including 139 commercial banks and 1,843 co-operative banks, with the deposit insurance coverage limit of ₹5 lakh per depositor (Table IV.27).

IV.77 The insurance coverage ratio in terms of the number of fully covered deposit accounts (*i.e.*, accounts with deposit balance up to ₹5 lakh) was 97.6 per cent at end-March 2025. In terms of value of deposits, the coverage as

Table IV.27: Bank Group-wise Insured Deposits

(Amount in ₹ crore)

Bank Group	As on March 31, 2024				As on March 31, 2025			
	No. of Insured Banks	Insured Deposits	Assessable Deposits	IDR {3) / (4)}	No. of Insured Banks	Insured Deposits	Assessable Deposits	IDR {7) / (8)}
1	2	3	4	5	6	7	8	9
I. Commercial Banks (i to vii)	140	86,66,416	2,06,73,077	41.9	139	92,39,260	2,28,57,103	40.4
i. Public Sector Banks	12	56,47,846	1,15,76,001	48.8	12	59,53,830	1,26,11,152	47.2
ii. Private Sector Banks	21	23,63,912	72,35,902	32.7	21	25,71,103	81,93,195	31.4
iii. Foreign Banks	44	50,568	10,08,506	5.0	44	52,084	10,91,743	4.8
iv. Small Finance Banks	12	89,532	2,15,426	41.6	11	1,07,719	2,70,601	39.8
v. Payments Banks	6	16,794	16,937	99.2	6	26,142	26,294	99.4
vi. Regional Rural Banks	43	4,96,827	6,19,010	80.3	43	5,27,364	6,62,709	79.6
vii. Local Area Banks	2	937	1,295	72.4	2	1,018	1,409	72.2
II. Co-operative Banks (i to iii)	1,857	7,46,290	11,79,084	63.3	1,843	7,72,805	12,48,939	61.9
i. Urban Co-operative Banks	1,472	3,71,846	5,56,962	66.8	1,457	3,80,142	5,84,450	65.0
ii. State Co-operative Banks	33	64,202	1,48,080	43.4	34	66,285	1,57,076	42.2
iii. District Central Co-operative Banks	352	3,10,242	4,74,041	65.4	352	3,26,378	5,07,412	64.3
Total (I+II)	1,997	94,12,705	2,18,52,160	43.1	1,982	1,00,12,065	2,41,06,042	41.5

IDR: Insured Deposits Ratio. It is the ratio of insured deposits to total assessable deposits in per cent.

Note: Components may not add up to total due to rounding off.

Source: DICGC.

²³ Complaints handled during the year include complaints received during the year, complaints brought forward from the previous year, and complaints received by email / from CEPCs before the start of the year but registered / assigned to ORBIOs on or after start of the year.

measured by insured deposits ratio decreased to 41.5 per cent at end-March 2025 from 43.1 per cent a year ago.

IV.78 The deposit insurance fund is constituted with DICGC to settle the claims of insured deposits in the event of (i) imposition of all-inclusive directions on bank by the Reserve Bank²⁴; (ii) liquidation of bank; and (iii) merger/amalgamation of bank, if the scheme requires payment to depositors in terms of DICGC Act, 1961. During 2024-25, DICGC settled claims amounting to ₹476 crore through the fund and made a total recovery of claims amounting to ₹1,309 crore.²⁵ At end-March 2025, the balance in deposit insurance fund at ₹2.29 lakh crore recorded a y-o-y growth of 15.2 per cent, while insured deposits rose by 6.4 per cent. Consequently, the reserve ratio – the ratio of deposit insurance fund to insured deposits – improved to 2.29 per cent at end-March 2025 from 2.11 per cent a year ago.

IV.79 Since inception, DICGC levied a flat rate premium on banks to fund the deposit insurance scheme, with the current applicable premium rate at 12 paise per ₹100 of assessable deposits. In December 2025, the Reserve Bank approved the risk-based deposit insurance framework for banks to incentivise sound risk management and promote financial stability.

12. Financial Inclusion

IV.80 Financial inclusion is important for fostering inclusive and sustainable economic growth. The Government and the Reserve

Bank's policy initiatives along with technology-driven innovations have played a pivotal role in empowering the underserved population by ensuring equitable access to financial services. India has complemented digitalisation with expansion of bank branch network and ATMs in furthering inclusion. This contrasts with most other countries where digitalisation is leading to a decline in traditional channels of accessing financial services. Furthermore, the penetration of bank branches in India is higher than most other EMDEs, while availability of ATMs per capita remains comparatively low in India (Charts IV.36a and b).

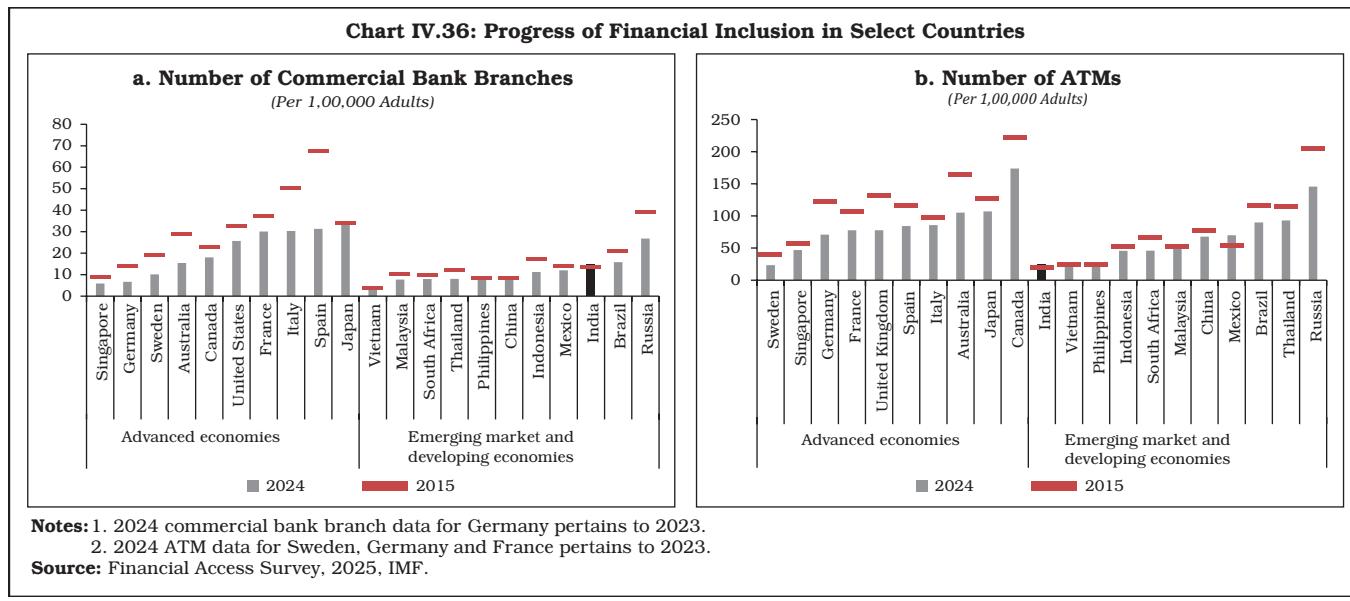
12.1 Financial Inclusion Plans

IV.81 Financial Inclusion Plans (FIPs) capture banks' achievements on parameters such as the number of banking outlets (branches), business correspondents (BCs) outlets, basic savings bank deposit accounts (BSBDAs), overdraft facilities availed in these accounts, transactions in Kisan Credit Cards and General Credit Cards and transactions through the Business Correspondents - Information and Communication Technology channel.²⁶ The number of BSBDAs increased by 2.6 per cent to 72.4 crore at end-March 2025, while the aggregate balance in these accounts increased by 9.5 per cent to 3.3 lakh crore. Further, a majority of BSBDAs continues to be channelised through the BC model, indicating their effectiveness at the grassroots level (Table IV.28).

²⁴ The Reserve Bank imposes all-inclusive directions (AID) under Section 35A of Banking Regulation Act, 1949 and advises bank placed under AID of the restrictions imposed on deposit/withdrawals with an endorsement to the DICGC, where the bank is registered for deposit insurance.

²⁵ DICGC has the mandate to recover the insurance pay-outs under Section 21 of DICGC Act, 1961 and rules framed thereunder.

²⁶ In order to meet the need to capture detailed and disaggregated financial inclusion data across the banking system, the coverage of Monitoring Progress of Financial Inclusion (MPFI) return has been extended to all the banks (except Tier 1 & 2 urban co-operative banks). Subsequently, FIP return has been discontinued for submission by the banks from FY 2025-26.



12.2 Financial Inclusion Index

IV.82 The Reserve Bank's Financial Inclusion (FI) Index tracks the progress of financial

inclusion in the country. It captures data on 97 indicators pertaining to banking, investments, insurance, postal, and pension sector on three

Table IV.28: Progress in Financial Inclusion Plan
(At end-March)

Item	2015	2020	2024	2025 (P)
1	2	3	4	5
Banking Outreach				
1. Banking Outlets in Villages - Branches	49,571	54,561	54,198	56,829
2. BC Outlets in Villages with Population > 2,000	90,877	1,49,106	12,66,756	10,38,208
3. BC Outlets in Villages with Population < 2,000	4,08,713	3,92,069	2,80,922	2,72,764
4. Total BC Outlets in Villages	4,99,590	5,41,175	15,47,678	13,10,972
5. Urban Locations Covered Through BCs	96,847	6,35,046	3,06,658	3,09,182
Basic Saving Bank Deposits Account (BSBDA)				
6. BSBDA - Through Branches (No. in lakh)	2,103	2,616	2,768	2,751
7. BSBDA - Through Branches (Amt. in ₹ crore)	36,498	95,831	1,46,306	1,54,028
8. BSBDA - Through BCs (No. in lakh)	1,878	3,388	4,290	4,491
9. BSBDA - Through BCs (Amt. in ₹ crore)	7,457	72,581	1,53,489	1,74,243
10. BSBDA - Total (No. in lakh)	3,981	6,004	7,059	7,242
11. BSBDA - Total (Amt. in ₹ crore)	43,955	1,68,412	2,99,796	3,28,271
12. OD Facility Availed in BSBDAs (No. in lakh)	76	64	48	45
13. OD Facility Availed in BSBDAs (Amt. in ₹ crore)	1,991	529	564	564
Kisan Credit Card (KCC) and General Credit Card (GCC)				
14. KCC - Total (No. in lakh)	426	475	515	501
15. KCC - Total (Amt. in ₹ crore)	4,38,229	6,39,069	8,47,238	8,83,682
16. GCC - Total (No. in lakh)	92	202	23	21
17. GCC - Total (Amt. in ₹ crore)	1,31,160	1,94,048	34,340	37,563
Business Correspondents				
18. ICT-A/Cs-BC-Total Transactions (No. in lakh) #	4,770	32,318	36,390	39,676
19. ICT-A/Cs-BC-Total Transactions (Amt. in ₹ crore) #	85,980	8,70,643	13,11,078	14,46,451

P: Provisional, BC: Business Correspondent, OD: Overdraft, ICT: Information and Communication Technology.

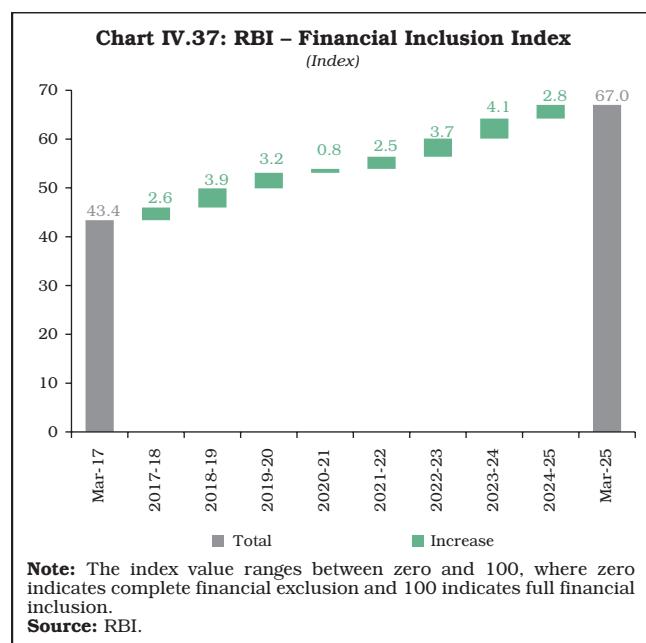
#: Transactions during the financial year.

Source: Financial Inclusion Plan returns submitted by PSBs, PVBs and RRBs.

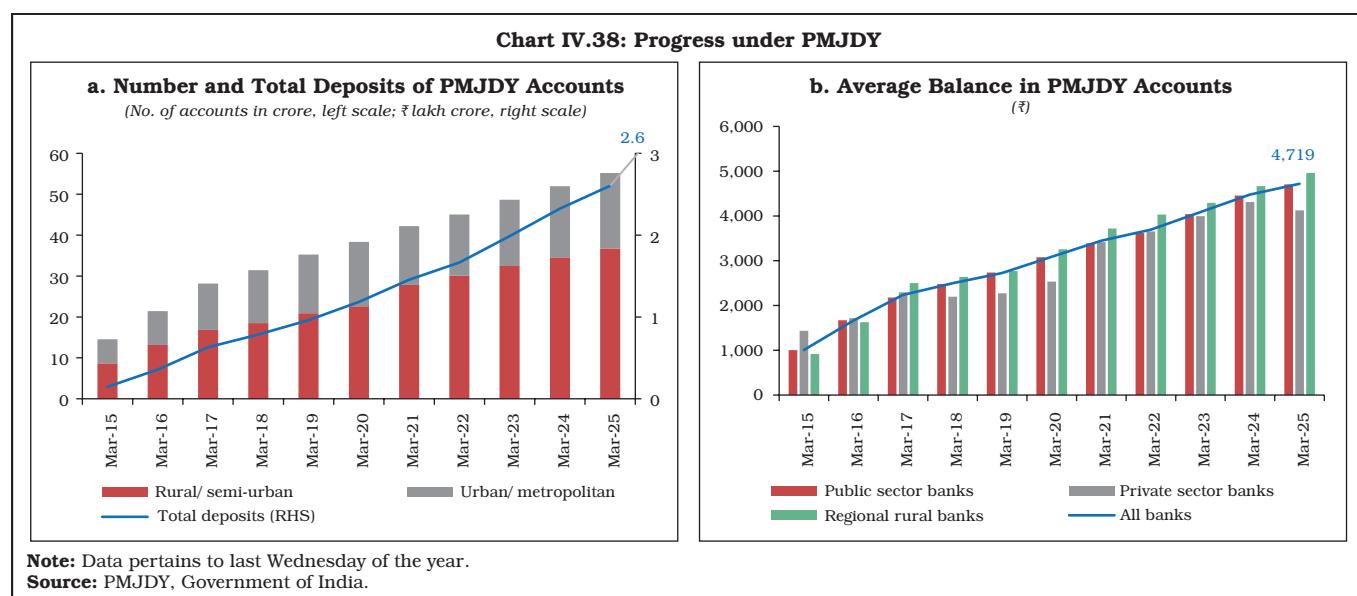
dimensions – access, usage and quality. These dimensions are represented through three sub-indices, *viz.*, FI-access, FI-usage and FI-quality. The composite FI-Index value rose to 67.0 in March 2025 from 64.2 in March 2024 with all sub-indices registering an increase. Growth was mainly contributed by usage and quality dimension, reflecting deepening of financial inclusion and sustained financial literacy initiatives (Chart IV.37).

12.3 Pradhan Mantri Jan Dhan Yojana

IV.83 Since its launch by the Government of India in 2014, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has integrated unbanked individuals into the formal financial system and fostered financial inclusion. A large number of accounts opened under the PMJDY are in rural and semi-urban areas and for females. At end-March 2025, the total number of PMJDY accounts reached 55.2 crores, with 96.4 per cent being maintained by PSBs and RRBs. Total deposits in PMJDY accounts increased by 12 per cent to ₹2.6 lakh crore at end-March 2025 (Chart IV.38a). The average deposit in PMJDY accounts



has increased by more than four times during March 2015 to March 2025 (Chart IV.38b). During July-October 2025, banks participated in a country-wide campaign for saturation of financial inclusion schemes, including conduct of re-KYC of bank accounts, at *Gram Panchayat* and Urban Local Bodies level. At end-November 2025, the total number of PMJDY accounts reached 57.1 crores with deposits of ₹2.7 lakh crore.



12.4 New Bank Branches by SCBs

IV.84 Physical bank branches continue to expand alongside digitalisation for customer engagement. At end-March 2025, there were 1.64 lakh domestic branches of SCBs, an increase of 2.8 per cent over the previous year. New branch openings by SCBs, which had accelerated in the previous two years, moderated slightly during 2024-25. Nearly half of the new bank branches opened during the year were in Tier 1 (urban/metropolitan) centres, with the remaining half in Tier 2-6 (semi-urban/ rural) centres (Table IV.29).

IV.85 New bank branch openings by PSBs accelerated while there was a decline in branch openings by PVBs. Consequently, the share of PVBs in total new branches opened by SCBs declined to 51.8 per cent in 2024-25 from 65.5 per cent in 2023-24. Further, 67.3 per cent of the new branches of PSBs were opened in rural and semi-urban centres, while the proportion for PVBs was 37.5 per cent (Chart IV.39 and Appendix Table IV.12).

Table IV.29: Tier-wise Distribution of Newly Opened Bank Branches of SCBs

Tier	2021-22	2022-23	2023-24	2024-25	
1	2	3	4	5	
Tier 1		1,567 (48.2)	2,323 (43.6)	2,681 (49.8)	2,413 (48.3)
Tier 2		233 (7.2)	471 (8.8)	451 (8.4)	375 (7.5)
Tier 3		424 (13.0)	809 (15.2)	684 (12.7)	654 (13.1)
Tier 4		292 (9.0)	544 (10.2)	433 (8.0)	472 (9.5)
Tier 5		227 (7.0)	424 (7.9)	368 (6.8)	352 (7.1)
Tier 6		509 (15.7)	763 (14.3)	762 (14.2)	725 (14.5)
Total	3,252 (100.0)	5,334 (100.0)	5,379 (100.0)	4,991 (100.0)	

Notes: 1. 'Tier 1' includes centres with population of 1,00,000 and above, 'Tier 2' includes centres with population of 50,000 to 99,999, 'Tier 3' includes centres with population of 20,000 to 49,999, 'Tier 4' includes centres with population of 10,000 to 19,999, 'Tier 5' includes centres with population of 5,000 to 9,999, and 'Tier 6' includes centres with population of less than 5,000. All population figures are as per census 2011.

2. Data exclude digital banking units and administrative offices.

3. Figures in parentheses represent the number of branches opened in a particular tier as per cent of the total.

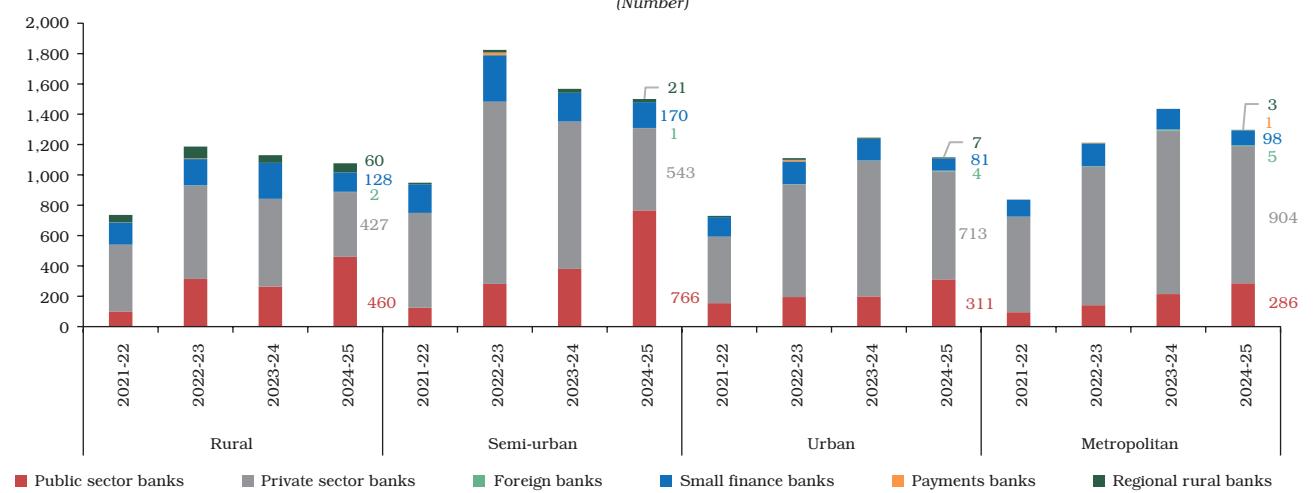
4. Components may not add up to total due to rounding off.

Source: Central Information System for Banking Infrastructure (CISBI), RBI. CISBI data are updated based on information received from banks.

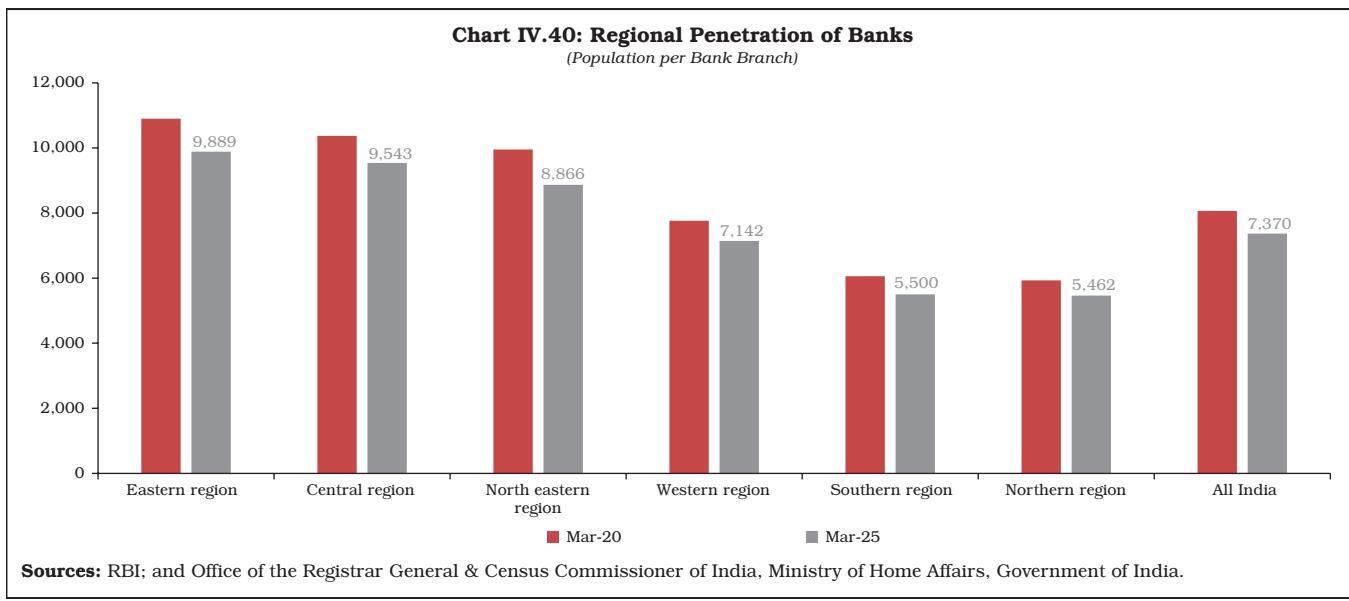
12.5 Regional Banking Penetration

IV.86 The southern region accounts for the largest number of bank branches, while banking

Chart IV.39: Population Group-wise Distribution of Newly Opened Bank Branches of SCBs
(Number)



Source: CISBI, RBI.

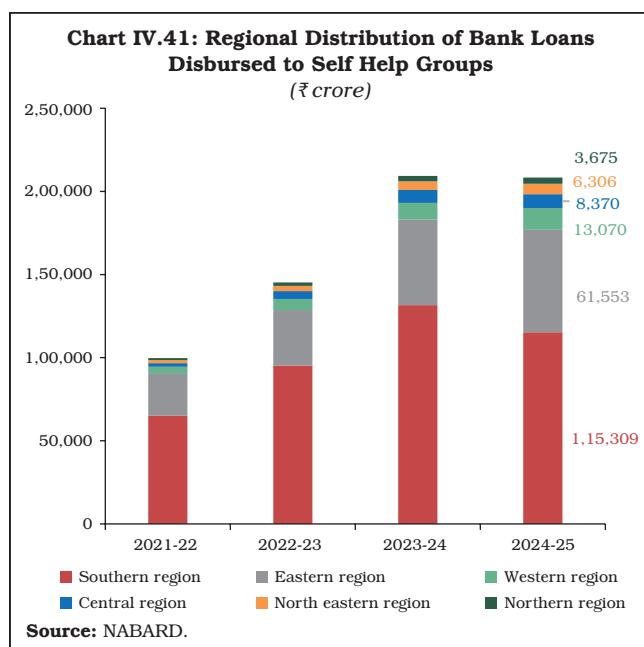


penetration is highest for the northern region at end-March 2025.²⁷ In recent years, the banking penetration has improved across all regions, with the sharpest improvement in north-eastern region (Chart IV.40).

12.6 Microfinance Programme

IV.87 Microfinance serves as an effective instrument for advancing financial inclusion, entailing the delivery of financial services, including small-value credit, to the underserved and the unbanked segments of the population, thereby fostering social equity and empowerment. The Self-Help Group - Bank Linkage Programme (SHG-BLP), which aims at extending formal savings and credit facilities to the rural poor, has emerged as the world's largest micro-finance movement. The number of SHGs accessing credit from banks increased to 55.6 lakh in 2024-25 from 54.8 lakh in the previous year. However, the amount of loans disbursed by banks to SHGs moderated

slightly on account of lower disbursements in the southern region (Chart IV.41). At end-March 2025, the savings balances of SHGs with banks increased by 9.7 per cent to ₹ 0.7 lakh crore, while their outstanding loans from banks increased by 17.2 per cent to ₹ 3 lakh crore.



²⁷ Banking penetration is measured by population per branch. Higher population per bank branch indicates lower penetration.

IV.88 The amount of loans disbursed by banks to joint liability groups (JLGs), which are informal credit groups of small borrowers, declined by 58 per cent during 2024-25 (Appendix Table IV.13).

12.7 Trade Receivables Discounting System (TReDS)

IV.89 TReDS is an electronic platform for facilitating the financing / discounting of trade receivables of micro, small and medium enterprises (MSME) due from corporates and other buyers such as Government departments and public sector undertakings. TReDS gained further traction in 2024-25 with a sharp increase in both the number and amount of invoices uploaded and financed. The success rate, measured as the percentage of uploaded invoices that get financed, improved to 95.3 per cent in 2024-25 from 94.4 per cent in 2023-24 (Table IV.30).

13. Regional Rural Banks

IV.90 Regional rural banks were established as professionally managed alternative channel for credit dispensation to small and marginal farmers, agricultural labourers, and socio-

economically weaker sections of the population. Their functional focus areas have been agriculture, trade, commerce, and small-scale industries in the rural areas. At end-March 2025, there were 43 RRBs sponsored by 12 SCBs operating through 22,158 branches in 26 states and three union territories (Puducherry, Jammu & Kashmir, and Ladakh).

IV.91 In line with their mandate, nearly 92 per cent of RRB branches were in the rural and semi-urban areas. The southern region has the highest number of RRBs, contributing 42.1 per cent of the total profits of all RRBs during 2024-25 (Appendix Table IV.14). Guided by the principle of 'One State-One RRB', the Government of India notified the Phase-IV amalgamation of RRBs on April 5, 2025.²⁸ Accordingly, the total number of RRBs was reduced from 43 to 28 with effect from May 1, 2025.

13.1 Balance Sheet Analysis

IV.92 The combined balance sheet of RRBs grew by 7.6 per cent in 2024-25 as against 8.9 per cent in the previous year. RRBs relied more on deposits and their owned funds to meet lending requirements as the borrowings contracted marginally during the year (Table IV.31).

IV.93 Deposits accounted for 79 per cent of RRBs' total liabilities, although their deposit growth remained below that of other SCBs during 2024-25. Low-cost CASA deposits had a share of 53.5 per cent in RRBs' total deposits at end-March 2025, the highest amongst all categories of SCBs, except payments banks.²⁹ The credit-deposit (CD) ratio of RRBs³⁰ increased to 73.1 per cent at end-March 2025, its highest level

Financial Year	Invoices Uploaded		Invoices Financed		(Amount in ₹ crore)
	Number	Amount	Number	Amount	
1	2	3	4	5	
2021-22	17,33,553	44,112	16,40,824	40,309	
2022-23	27,24,872	83,955	25,58,531	76,646	
2023-24	44,04,148	1,51,343	41,58,554	1,38,241	
2024-25	64,04,936	2,47,796	61,01,384	2,33,711	

Source: RBI.

²⁸ The Government of India initiated structural consolidation of RRBs to improve their operational viability and take advantage of economies of scale. The earlier three rounds of amalgamation had led to a reduction in the number of RRBs to 43 in 2020-21 from 196 in 2004-05.

²⁹ PBs are not permitted to mobilise term deposits.

³⁰ Calculated as the ratio of gross advances to deposits of RRBs.

Table IV.31: Consolidated Balance Sheet of Regional Rural Banks

Item	Amount as at end-March (₹ crore)		Y-o-y growth (per cent)	
	2024	2025	2024	2025
1	2	3	4	5
1. Share Capital	19,042	19,303	10.5	1.4
2. Reserves	46,659	53,060	16.3	13.7
3. Deposits	6,59,815	7,13,800	8.4	8.2
3.1 Current	11,952	13,375	0.1	11.9
3.2 Savings	3,47,193	3,68,574	8.6	6.2
3.3 Term	3,00,670	3,31,851	8.5	10.4
4. Borrowings	92,444	92,268	9.1	-0.2
4.1 NABARD	77,166	77,455	5.5	0.4
4.2 Sponsor Bank	4,293	7,949	26.0	85.2
4.3 Others	10,986	6,864	34.2	-37.5
5. Other Liabilities	22,120	25,495	5.9	15.3
Total Liabilities/Assets	8,40,080	9,03,925	8.9	7.6
1. Cash in Hand	2,933	2,764	1.6	-5.8
2. Balances with RBI	30,990	30,065	5.7	-3.0
3. Balances in Current Account	8,173	9,752	14.3	19.3
4. Investments	3,19,099	3,21,213	1.8	0.7
5. Loans and Advances	4,45,286	5,02,434	15.1	12.8
6. Fixed Assets	1,581	1,979	12.4	25.2
7. Other Assets, <i>of which</i> ,	32,019	35,718	5.6	11.6
7.1 Accumulated Losses	8,921	8,435	-9.4	-5.4

Note: Data are provisional for end-March 2025.

Source: NABARD.

in 35 years, as growth in loans and advances outpaced deposit growth.

13.2 Financial Performance

IV.94 RRBs recorded a decline in profits during 2024-25. This was mainly on account of increase in wage bill following the implementation of the pension scheme and computer increment liability with effect from November 1, 1993 in pursuance of a directive from the Hon'ble Supreme Court of India (Table IV.32).³¹ RRBs' miscellaneous income registered a healthy growth primarily driven by the issuance of PSLCs leveraging their strong priority sector lending portfolio.

Table IV.32: Financial Performance of Regional Rural Banks

Item	Amount (₹ crore)		Y-o-y growth (per cent)	
	2023-24	2024-25	2023-24	2024-25
1	2	3	4	5
A. Income (i+ii)	70,443	78,090	18.5	10.9
i. Interest Income	61,341	67,422	14.4	9.9
ii. Other Income	9,101	10,668	57.3	17.2
B. Expenditure (i+ii+iii)	62,872	71,270	15.5	13.4
i. Interest Expended	33,237	37,153	24.5	11.8
ii. Operating Expenses	21,267	27,129	-2.8	27.6
<i>of which</i> , Wage Bill	15,305	20,200	-8.3	32.0
iii. Provisions and Contingencies	8,368	6,989	42.5	-16.5
<i>of which</i> , Income Tax	2,430	2,186	70.7	-10.0
C. Profit				
i. Operating Profit	15,938	13,809	47.0	-13.4
ii. Net Profit	7,571	6,820	52.2	-9.9
D. Financial Ratios (Per cent)				
i. Operating Profit	2.0	1.6		
ii. Net Profit	1.0	0.8		
iii. Income (a+b)	8.9	9.1		
a. Interest Income	7.8	7.9		
b. Other Income	1.2	1.2		
iv. Expenditure (a+b+c)	7.9	8.3		
a. Interest Expended	4.2	4.3		
b. Operating Expenses	2.7	3.2		
<i>of which</i> , Wage Bill	1.9	2.4		
c. Provisions and Contingencies	1.1	0.8		
E. Analytical Ratios (Per cent)*				
Gross NPA Ratio	6.2	5.4		
CRAR	14.2	14.4		

#: As at end-March.

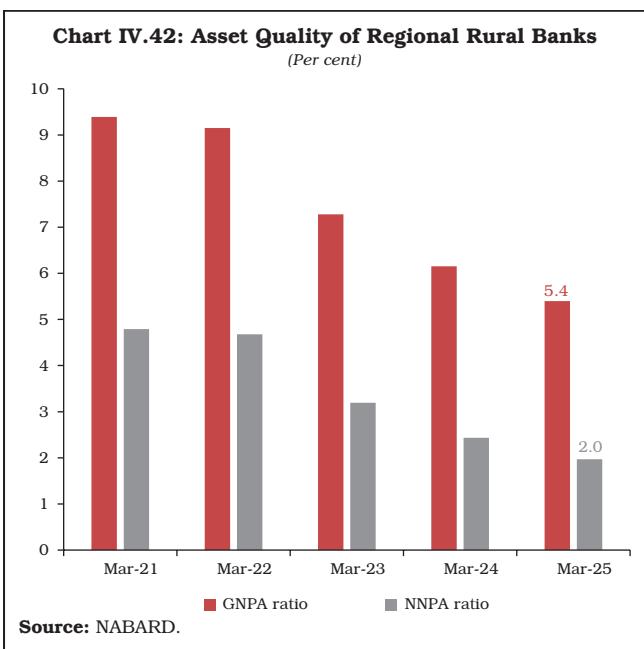
Notes: 1. Data are provisional for 2024-25.

2. Financial ratios are calculated as per cent of average of current and previous year's total assets.

Source: NABARD.

IV.95 The consolidated GNPA ratio of RRBs declined to a 13-year low of 5.4 per cent at end-March 2025 (Chart IV.42). The improvement in asset quality was accompanied by higher provision buffers, resulting in a decline in NNPA ratio to 2.0 per cent at end-March 2025. Nonetheless, the number of loss-making RRBs

³¹ In view of the difficulties expressed in meeting the additional pension liability in a single year, which would adversely impact the financial health of a number of RRBs, RBI permitted RRBs to amortise the additional pension liability over a period not exceeding five years beginning with the financial year ending 31 March 2025.



increased to five during 2024-25 from three in the previous year largely on account of the one-off increase in wage bill mentioned earlier, and rise in state-specific NPA ratio (Appendix Table IV.14).

IV.96 The consolidated CRAR of RRBs reached an all-time high of 14.4 per cent at end-March 2025 (Chart IV.43a). There has been a steady decline in the number of RRBs with CRAR below the regulatory minimum of 9.0 per cent

since 2021-22 onwards consequent to their recapitalisation and improved profitability (Chart IV.43b).

IV.97 Priority sector advances accounted for 84.7 per cent of the RRBs' total loan portfolio at end-March 2025 (Table IV.33). During 2024-25, all RRBs met their overall target of lending 75 per cent of their adjusted net bank credit/ credit equivalent of off-balance sheet exposure to the priority sector (Appendix Table IV.15).

14. Local Area Banks

IV.98 Local Area Banks (LABs) are small, privately-owned banks established with the objective of functioning as low-cost entities to offer efficient and competitive financial intermediation services. LABs have a defined geographical area of operation, specifically targeting rural and semi-urban regions encompassing contiguous districts. At end-March 2025, there were two LABs with 79 branches in operation.

IV.99 During 2024-25, the combined balance sheet size of LABs increased by 9.3 per cent, with both advances as well as deposits growing at a higher pace *vis-à-vis* previous year. With

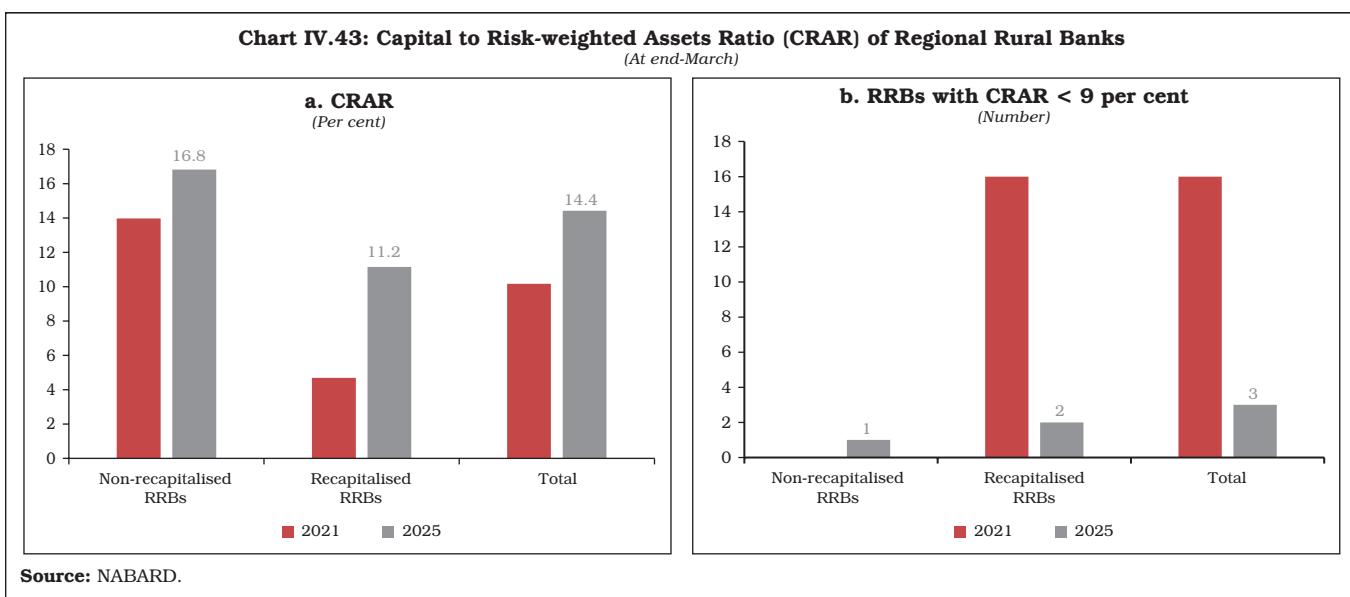


Table IV.33: Purpose-wise Outstanding Advances by Regional Rural Banks
(At end-March)

Purpose	(Amount in ₹ crore)	
	2024	2025 (P)
1	2	3
I. Priority (i to v)	4,08,810	4,42,041
Per cent of total loans outstanding	87.0	84.7
i. Agriculture	3,16,671	3,42,253
ii. Micro, Small and Medium Enterprises	57,639	58,784
iii. Education	1,609	1,582
iv. Housing	26,047	27,411
v. Others	6,843	12,010
II. Non-priority (i to vi)	61,300	79,872
Per cent of total loans outstanding	13.0	15.3
i. Agriculture	17	7
ii. Micro, Small and Medium Enterprises	187	179
iii. Education	343	442
iv. Housing	13,620	16,627
v. Personal Loans	17,788	17,720
vi. Others	29,345	44,898
Total (I+II)	4,70,109	5,21,913

P: Provisional.

Source: NABARD.

credit growth above deposit growth, the credit-deposit ratio increased to 85.6 per cent at end-March 2025 from 81.4 per cent a year ago (Table IV.34).

14.1 Financial Performance

IV.100 Net profits of LABs declined during 2024-25. Profitability was lower on account of lower income growth *vis-à-vis* expenditure growth, as interest income growth more than halved and provisions and contingencies increased during 2024-25 (Table IV.35).

Table IV.34: Profile of Local Area Banks
(At end-March)

Item	(Amount in ₹ crore)	
	2024	2025
1	2	3
1. Assets	1,584 (7.5)	1,731 (9.3)
2. Deposits	1,271 (6.8)	1,385 (9.0)
3. Gross Advances	1,034 (7.2)	1,186 (14.7)

Note: Figures in parentheses represent y-o-y growth in per cent.

Source: Off-site returns (domestic operations), RBI.

Table IV.35: Financial Performance of Local Area Banks

Item	Amount (₹ crore)		Y-o-y growth (per cent)	
	2023-24	2024-25	2023-24	2024-25
1	2	3	4	5
A. Income (i+ii)	197	209	10.1	6.1
i. Interest Income	172	182	12.8	5.8
ii. Other Income	25	27	-5.7	8.8
B. Expenditure (i+ii+iii)	162	180	13.7	11.2
i. Interest Expended	79	88	25.9	11.9
ii. Operating Expenses <i>of which</i> , Wage Bill	68	72	14.6	6.9
iii. Provisions and Contingencies	33	36	13.5	10.9
C. Profit				
i. Operating Profit	50	48	-11.9	-4.0
ii. Net Profit	35	29	-3.9	-17.6
D. Net Interest Income	93	94	3.7	0.5
E. Financial Ratios (Per cent)				
i. Operating Profit	3.3	2.9		
ii. Net Profit	2.3	1.7		
iii. Income (a + b)	12.9	12.6		
a. Interest Income	11.3	11.0		
b. Other Income	1.6	1.6		
iv. Expenditure (a+b+c)	10.6	10.9		
a. Interest Expended	5.2	5.3		
b. Operating Expenses <i>of which</i> , Wage Bill	4.4	4.4		
c. Provisions and Contingencies	2.1	2.2		
v. Net Interest Income	1.0	1.2		
	6.1	5.6		

Note: Financial ratios are calculated as per cent of average of current and previous year's total assets.

Source: Off-site returns (domestic operations), RBI.

15. Small Finance Banks

IV.101 Small finance banks (SFBs) are specialised institutions set up to provide formal saving avenues to the unserved and underserved sections of the population, and supply credit to small business units, small and marginal farmers, micro and small industries and other unorganised sector entities through high technology and low-cost operations. At end-March 2025, 11 SFBs were operational with 7,403 domestic branches in India.³²

³² The number of SFBs declined from 12 to 11 in 2024-25 following the merger of one SFB with another, effective April 1, 2024.

15.1 Balance Sheet

IV.102 SFBs' combined balance sheet size continued to increase in double-digits during 2024-25, outpacing the growth in other categories of SCBs. Term deposits accounted for 73.9 per cent of the total deposits of SFBs at end-March 2025. With deposit growth remaining higher than credit growth, the credit-deposit (CD) ratio of SFBs moderated to 86.4 per cent at end-March 2025 from 90.1 per cent a year ago (Table IV.36).

15.2 Financial Performance

IV.103 Profitability of SFBs moderated during 2024-25 despite robust balance sheet growth. Net profits of SFBs declined due to a sharp increase in expenditure on provisions and contingencies. Asset quality of SFBs recorded a decline, with an increase in GNPA ratio to 3.6 per cent at end-

Table IV.36: Consolidated Balance Sheet of Small Finance Banks

Item	Amount as at end-March (₹ crore)		Y-o-y growth (per cent)	
	2024	2025	2024	2025
1	2	3	4	5
1. Capital	7,844	8,307	0.4	5.9
2. Reserves & Surplus	32,957	36,339	39.9	10.3
3. Deposits	2,50,896	3,15,401	31.1	25.7
3.1 Demand	10,895	13,685	46.7	25.6
3.2 Savings	59,691	68,666	9.2	15.0
3.3 Term	1,80,310	2,33,050	39.5	29.2
4. Borrowings	28,255	30,022	-9.4	6.3
5. Other Liabilities and Provisions	15,328	15,394	12.5	0.4
Total Liabilities/Assets	3,35,280	4,05,463	25.3	20.9
1. Cash and Balances with RBI	17,503	26,780	-1.9	53.0
2. Balances with Banks and Money at Call and Short Notice	6,259	5,777	38.2	-7.7
3. Investments	74,283	87,286	27.9	17.5
4. Loans and Advances	2,26,148	2,72,481	27.1	20.5
5. Fixed Assets	3,353	4,205	22.6	25.4
6. Other Assets	7,733	8,936	19.6	15.6

Source: Annual accounts of banks.

Table IV.37: Financial Performance of Small Finance Banks

Item	Amount (₹ crore)		Y-o-y growth (per cent)	
	2023-24	2024-25	2023-24	2024-25
1	2	3	4	5
A. Income (i+ii)	45,400	54,223	34.3	19.4
i. Interest Income	39,647	46,782	33.0	18.0
ii. Other Income	5,753	7,441	43.8	29.3
B. Expenditure (i+ii+iii)	39,181	50,727	32.2	29.5
i. Interest Expended	17,474	22,336	43.9	27.8
ii. Operating Expenses	17,186	20,247	30.7	17.8
of which, Wage Bill	8,498	10,321	26.8	21.4
iii. Provisions and Contingencies	4,521	8,144	3.8	80.1
C. Profit				
i. Operating Profit	10,740	11,640	26.1	8.4
ii. Net Profit	6,219	3,496	49.4	-43.8
D. Financial Ratios (Per cent)				
i. Operating Profit	3.6	3.1		
ii. Net Profit	2.1	0.9		
iii. Income (a+b)	15.1	14.6		
a. Interest Income	13.2	12.6		
b. Other Income	1.9	2.0		
iv. Expenditure (a+b+c)	13.0	13.7		
a. Interest Expended	5.8	6.0		
b. Operating Expenses	5.7	5.5		
of which, Wage Bill	2.8	2.8		
c. Provisions and contingencies	1.5	2.2		
E. Analytical Ratios (Per cent)[#]				
Gross NPA Ratio	2.4	3.6		
CRAR	21.6	21.5		
Core CRAR (Tier 1 Capital)	19.4	18.8		

#: As at end-March.

Note: Financial ratios are calculated as per cent of average of current and previous year's total assets.

Sources: Annual accounts of banks; and off-site returns (domestic operations), RBI.

March 2025. The SFBs, however, remain well-capitalised with the CRAR at 21.5 per cent and core CRAR (Tier 1 capital) at 18.8 per cent at end-March 2025 (Table IV.37).

16. Payments Banks

IV.104 Payments banks (PBs) are specialised financial institutions established with the objective of enhancing financial inclusion by leveraging technological advancements. At end-March 2025, six payments banks were operational with 81 branches.

16.1 Balance sheet

IV.105 During 2024-25, the combined balance sheet size of PBs recorded strong growth led by deposits on the liability side and investments on the asset side (Table IV.38). Deposits – savings and current – constituted 68.1 per cent of the total liabilities of PBs at end-March 2025. The assets side was dominated by SLR investments in accordance with the restriction on their lending activities. All PBs complied with the regulatory minimum CRAR of 15 per cent.

16.2 Financial Performance

IV.106 PBs, which had registered losses in the initial years of their operations, remained profitable for the third consecutive year in 2024-25. Operating profits increased supported by a rise in interest income, even as non-interest income declined. Net profit remained positive, *albeit* with a marginal decline reflecting a rise in provisions and contingencies (Table IV.39).

IV.107 Reflecting the decline in net profits, the return on assets and return on equity of PBs

Table IV.38: Consolidated Balance Sheet of Payments Banks

Item	Amount as at end-March (₹ crore)		Y-o-y growth (per cent)	
	2024	2025	2024	2025
1	2	3	4	5
1. Total Capital and Reserves	3,440	3,584	17.1	4.2
2. Deposits	16,330	25,605	33.6	56.8
3. Other Liabilities and Provisions	6,385	8,403	-23.8	31.6
Total Liabilities/Assets	26,155	37,592	11.1	43.7
1. Cash and Balances with RBI	3,094	3,715	26.1	20.1
2. Balances with Banks and Money Market	4,350	6,636	-13.1	52.6
3. Investments	14,627	24,037	18.0	64.3
4. Fixed Assets	1,266	1,339	125.3	5.8
5. Other Assets	2,819	1,865	-9.6	-33.9

Note: Data pertains to six payments banks, including both scheduled and non-scheduled payments banks.

Source: Off-site returns (domestic operations), RBI.

Table IV.39: Financial Performance of Payments Banks

Item	Amount (₹ crore)		Y-o-y growth (per cent)	
	2023-24	2024-25	2023-24	2024-25
1	2	3	4	5
A. Income (i+ii)	7,857	7,697	20.7	-2.0
i. Interest Income	1,441	1,733	64.3	20.3
ii. Non-Interest Income	6,416	5,964	14.0	-7.0
B. Expenditure (i+ii+iii)	7,762	7,605	-21.0	-2.0
i. Interest Expended	356	548	44.1	54.1
ii. Operating Expenses	7,292	6,923	18.5	-5.1
iii. Provisions and Contingencies <i>of which,</i>				
Risk Provisions	11	0.3	185.3	-97.3
Tax Provisions	68	3	773.4	-95.3
C. Profit				
i. Operating Profit	209	226	97.0	8.2
ii. Net Profit	94	92	3.0	-2.2
D. Net Interest Income	1,085	1,185	72.2	9.2
E. Analytical Ratios (Per cent)				
Return on Assets	0.4	0.3		
Return on Equity	3.0	2.6		
Investments to Total Assets [#]	55.9	63.9		
Net Interest Margin	6.0	4.6		
Cost-to-Income Ratio	97.2	96.8		
Operating Profit to Working Funds	0.8	0.7		
Net Profit Margin	1.3	1.3		

#: As at end-March.

Note: Data pertains to six payments banks, including both scheduled and non-scheduled payments banks.

Source: Off-site returns (domestic operations), RBI.

moderated during 2024-25. PBs' investments as a proportion of total assets increased, while their net interest margin moderated during the year. PBs continued to register efficiency gains as cost-to-income ratio declined further during 2024-25.

17. Overall Assessment

IV.108 During 2024-25, scheduled commercial banks' balance sheet expanded at a healthy pace, driven by double digit growth in deposits and credit, *albeit* with some moderation. Profitability remained strong as reflected in an increase in their return on assets. Asset quality improved

further as gross non-performing assets ratio declined to a multi-decadal low. Banks remain well-capitalised with leverage and liquidity ratios well above the regulatory minimum. These strong fundamentals provide a buffer against risks and support the banking sector's capacity to sustain credit expansion.

IV.109 Going forward, banks will continue to face competition from non-bank sources in meeting the resource requirements of the commercial sector. Furthermore, rapidly

changing technology and digitalisation could change the way people transact with banks for their savings and credit needs, while also exposing the banking system to newer risks including cyber risk. Strengthening risk assessment and improving operational efficiency through responsible technology adoption remain essential, with continued emphasis on financial inclusion, consumer education and protection. Robust corporate governance with strong risk management practices remains critical for banks' long-term success.