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REPORT ON TREND AND PROGRESS OF BANKING IN INDIA

2023-24

Reserve Bank of India

Report on Trend and Progress of Banking in India for the year ended March 31, 2024 submitted to the Central Government in terms of Section 36(2) of the Banking Regulation Act, 1949

REPORT ON TREND AND PROGRESS OF BANKING IN INDIA 2023-24

RESERVE BANK OF INDIA

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December 26, 2024
5 Pausha 1946 (Saka)

The Finance Secretary
Government of India
Ministry of Finance
New Delhi – 110 001

Dear Finance Secretary,

In pursuance of the provisions of Section 36(2) of the Banking Regulation Act, 1949, I have pleasure in transmitting herewith two copies of the Report on Trend and Progress of Banking in India for the year ended March 31, 2024.

Sincerely,

Sanjay Malhotra

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List of Select Abbreviations

AA	Account Aggregator
AA	Appellate Authority
ACB	Audit Committee of the Board
AEs	Advanced Economies
AFA	Additional Factor of Authentication
AFS	Available for Sale
AGR	Alternate Grievance Redress
AI	Artificial Intelligence
AID	All-inclusive Directions
AIFIs	All India Financial Institutions
ANBC	Adjusted Net Bank Credit
APIs	Application Programming Interfaces
ARCs	Asset Reconstruction Companies
ARDL	Autoregressive Distributed Lag
ARR	Alternative Reference Rate
ATMs	Automated Teller Machines
BBPOUs	Bharat Bill Payment Operating Units
BBPS	Bharat Bill Payment System
BCs	Business Correspondents
BCBS	Basel Committee on Banking Supervision
BDDR	Bad and Doubtful Debt Reserve
BIS	Bank for International Settlements
BoE	Bank of England
bps	basis points
BR Act	Banking Regulation Act
BSBDA	Basic Savings Bank Deposit Accounts
CAB	Current Account Balance
CAD	Current Account Deficit
CAGR	Compound Annual Growth Rate
CASA	Current Account Savings Account
CBDC	Central Bank Digital Currency
CBDC-R	Central Bank Digital Currency-Retail
CBP	Co-Branding Partner
CCB	Capital Conservation Buffer
CCIL	Clearing Corporation of India Ltd.
CCPs	Central Counterparties
CCPA	Central Consumer Protection Authority
CCR	Counterparty Credit Risk
C-D ratio	Credit-Deposit Ratio
CDS	Credit Default Swap
CDs	Certificates of Deposit
CEO	Chief Executive Officer
CEPC	Consumer Education and Protection Cell
CEPD	Consumer Education and Protection Department
CEOBE	Credit Equivalent of Off-Balance Sheet Exposure
CEOs	Chief Executive Officers
CET1	Common Equity Tier 1
CFLs	Centres for Financial Literacy
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CIR	Cost-to-Income Ratio
CISBI	Central Information System for Banking Infrastructure
CKYCR	Central Know Your Customer Registry
CMBs	Cash Management Bills
CMs	Clearing Members
COD	Commencement Operations Date
CoR	Certificate of Registration
CP	Commercial Paper
CPMI	Committee on Payments and Market Infrastructures
CRAR	Capital to Risk-weighted Assets Ratio

CRE	Commercial Real Estate
CRGFTLIH	Credit Risk Guarantee Fund Trust for Low Income Housing
CRILC	Central Repository of Information on Large Credits
CRPC	Centralised Receipt and Processing Centre
CTS	Cheque Truncation System
DBIE	Database on Indian Economy
DBT	Direct Benefit Transfers
DCCBs	District Co-operative Banks
DEA	Depositor Education and Awareness
DFI	Development Financial Institution
DFR	Deposit Facility Rate
DI	Deposit Insurance
DICGC	Deposit Insurance and Credit Guarantee Corporation
DIF	Deposit Insurance Fund
DLA	Digital Lending App
DPI	Digital Payments Index
ECB	European Central Bank
ECBs	External Commercial Borrowings
ECL	Expected Credit Loss
ECLGS	Emergency Credit Line Guarantee Scheme
ECM	Error Correction Term
EMEs	Emerging Market Economies
EMDEs	Emerging Market and Developing Economies
ERP	Enterprise Resources Planning
EU	European Union
EWIs	Early Warning Indicators
EWS	Early Warning Signals
EXIM Bank	Export-Import Bank of India
FATF	Financial Action Task Force
FBs	Foreign Banks
FCNR(B)	Foreign Currency Non-Resident (Bank)
FI	Financial Inclusion
FIPs	Financial Inclusion Plans
FIPs	Financial Information Providers
FI-Us	Financial Information Users
FLCs	Financial Literacy Centres
FLDG	First Loss Default Guarantee
FPC	Fair Practices Code
FPS	Fast Payment System
FREE-AI	Framework for Responsible and Ethical Enablement of Artificial Intelligence
FSB	Financial Stability Board
FVI	Fraud Vulnerability Index
FX	Forex
GCC	General Credit Card
GDP	Gross Domestic Product
GenAI	Generative Artificial Intelligence
GFC	Global Financial Crisis
GHG	Greenhouse Gas
GMM	Generalised Method of Moments
GNPA	Gross Non-Performing Asset
G-secs	Government Securities
G-SIBs	Global Systemically Important Banks
GST	Goods and Services Tax
GVA	Gross Value Added
HFCs	Housing Finance Companies
HFCs-D	Deposit taking Housing Finance Companies
HFT	Held for Trading
HITM	Human-in-the-middle
HQLA	High-quality Liquid Assets

HTM	Held to Maturity
IBC	Insolvency and Bankruptcy Code
IBUs	IFSC Banking Units
I-CRR	Incremental Cash Reserve Ratio
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IFSC	International Financial Services Centre
IGR	Internal Grievance Redress
IL&FS	Infrastructure Leasing & Financial Services
IMF	International Monetary Fund
IMPS	Immediate Payment Service
InvITs	Infrastructure Investment Trusts
IO	Internal Ombudsman
IOSCO	International Organisation of Securities Commissions
IRACP	Income Recognition, Asset Classification and Provisioning
ISSB	International Sustainability Standards Board
IT	Information Technology
JLGs	Joint Liability Groups
KCC	Kisan Credit Card
KPIs	Key Performance Indicators
KYC	Know Your Customer
LABs	Local Area Banks
LAF	Liquidity Adjustment Facility
LBS	Lead Bank Scheme
LCR	Liquidity Coverage Ratio
LEAs	Law Enforcement Agencies
LEF	Large Exposures Framework
LR	Leverage Ratio
LTV	Loan-to-Value
MCIs	Multi-function Crypto-asset Intermediaries
MD	Managing Director
MDA	Micro-data Analysis
ML	Machine Learning
MPC	Monetary Policy Committee
MROs	Main Refinancing Operations
MSE	Micro and Small Enterprises
MSF	Marginal Standing Facility
MSME	Micro, Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NaBFID	National Bank for Financing Infrastructure and Development
NAFSCOB	National Federation of State Co-operative Banks
NAV	Net Asset Value
NBFC-BL	Non-Banking Financial Company - Base Layer
NBFC-CIC	Non-Banking Financial Company - Core Investment Company
NBFC-ICC	Non-Banking Financial Company - Investment and Credit Company
NBFC-IFC	Non-Banking Financial Company - Infrastructure Finance Company
NBFC-MFI	Non-Banking Financial Company - Micro Finance Institution
NBFC-MGC	Non-Banking Financial Company - Mortgage Guarantee Company
NBFC-ML	Non-Banking Financial Company - Middle Layer
NBFCs	Non-Banking Financial Companies

NBFC-NOFHC	Non-Banking Financial Company – Non-Operative Financial Holding Company
NBFCs-D	Deposit-taking NBFCs
NBFCs-P2P	Non-Banking Financial Companies - Peer to Peer
NBFC-UL	Non-Banking Financial Company - Upper Layer
NBFIs	Non-Banking Financial Institutions
NCCD	Non-Centrally Cleared Derivatives
NCDs	Non-Convertible Debentures
NCE	Non-Conventional Energy
NDS-OM	Negotiated Dealing System - Order Matching
NDTL	Net Demand and Time Liabilities
NEFT	National Electronic Funds Transfer
NGFS	Network for Greening the Financial System
NHB	National Housing Bank
NII	Net Interest Income
NIM	Net Interest Margin
NLDR	National Level Data Repository
NNPA	Net Non-Performing Assets
NOF	Net Owned Funds
NPI	National Payments Interface
NPL	Non-Performing Loans
NRC	Nomination and Remuneration Committee
NRE	Non-Resident External
NRO	Non-Resident Ordinary
NSFI	National Strategy for Financial Inclusion
NSFR	Net Stable Funding Ratio
NSUCBs	Non-Scheduled Urban Co-operative Banks
OBS	Off-Balance Sheet
OCEN	Open Credit Enablement Network
OD	Overdraft
OEFs	Open-Ended Funds
ORBIO	Office of the Reserve Bank of India Ombudsman
OTC	Over-the-Counter
P2M	Person-to-Merchant
P2P	Person-to-Person
PACS	Primary Agricultural Credit Societies
PAs	Payment Aggregators
P&L	Profit and Loss
PBs	Payments Banks
PCA	Prompt Corrective Action
PCARDBs	Primary Co-operative Agriculture and Rural Development Banks
PCR	Provision Coverage Ratio
PDs	Primary Dealers
PLR	Prime Lending Rate
PMAY	Pradhan Mantri Awas Yojana
PMJDY	Pradhan Mantri Jan Dhan Yojana
PRAVAAH	Platform for Regulatory Application, Validation and AutHorisation
PSBs	Public Sector Banks
PSL	Priority Sector Lending
PSLCs	Priority Sector Lending Certificates
PSOs	Payment System Operators
PSUs	Public Sector Undertakings
PVBs	Private Sector Banks
RB-CRIS	Reserve Bank – Climate Risk Information System
RB-IOS	Reserve Bank – Integrated Ombudsman Scheme

RBIH	Reserve Bank Innovation Hub
RBP	Risk Based Premium
RCCs	Rural Credit Co-operatives
REITs	Real Estate Investment Trust
REs	Regulated Entities
RFAs	Red Flagged Accounts
RMCB	Risk Management Committee of Board
RoA	Return on Assets
RoE	Return on Equity
RPO	Recover Point Objective
RR	Reserve Ratio
RRBs	Regional Rural Banks
RS	Regulatory Sandbox
RSA	Restructured Standard Advances
RTGS	Real Time Gross Settlement
RTO	Recovery Time Objective
RWAs	Risk-weighted Assets
SAF	Supervisory Action Framework
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest
SBR	Scale-based Regulation
SCARDBs	State Co-operative Agriculture and Rural Development Banks
SCB	Scheduled Commercial Bank
SDF	Standing Deposit Facility
SEs	Supervised Entities
SFBs	Small Finance Banks
SGrBs	Sovereign Green Bonds
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
SLAs	Service-level Agreements
SLR	Statutory Liquidity Ratio
SMA	Special Mention Account
SMF	Small and Marginal Farmers
SPDs	Standalone Primary Dealers
SR	Security Receipt
SRO	Self-regulatory Organisation
SRO-FT	Self–regulatory Organisation in FinTech sector
SSBs	Standard Setting Bodies
StCBs	State Co-operative Banks
SUCBs	Scheduled Urban Co-operative Banks
T-bills	Treasury Bills
TCFD	Task Force on Climate-related Disclosures
TFPG	Total Factor Productivity Growth
TOT	Toll Operate Transfer
TR	Trade Repository
TReDS	Trade Receivables Discounting System
TVP	Target Variable Pay
UAE	United Arab Emirates
UCBs	Urban Co-operative Banks
UIADI	Unique Identification Authority of India
ULI	Unified Lending Interface
UPI	Unified Payments Interface
UTs	Union Territories
VP	Variable Pay
VRRR	Variable Rate Reverse Repo
WACR	Weighted Average Call Rate
WADTDR	Weighted Average Domestic Term Deposit Rate
WALR	Weighted Average Lending Rate
WAP	Weighted Average Premium
WEO	World Economic Outlook
WLAs	White-label ATMs

I PERSPECTIVES

Macroprudential policies have assiduously nurtured the health parameters of the Indian banking system and non-banking financial companies (NBFCs) in an environment of balancing innovations with safeguards to secure and preserve overall financial stability. This has enabled financial entities to sustain credit growth and support domestic economic activity.

1. Introduction

I.1 Following the synchronised global monetary tightening undertaken during 2022-23, inflation has been easing, while economic activity is on course for a soft landing. This had prompted major central banks to start cutting policy rates in 2024. The last mile of disinflation, *i.e.*, alignment with targets, is, however, turning out to be challenging and accompanied by bouts of volatility in global financial markets. Looking ahead, geopolitical conflicts, geoeconomic fragmentation, commodity price volatility, climate change, ageing populations and weakening productivity weigh on the global economic outlook.

I.2 After the banking sector turmoil in certain advanced economies (AEs) in 2023 was quelled by prompt policy actions that forestalled a systemic crisis and potential spillovers, the global banking sector shows signs of resilience, with strong capital buffers, improved profitability, rising non-interest income and comfortable asset quality. However, the number of vulnerable banks with weak risk indicators is rising, particularly in Asia[1].

I.3 In India, strong macroeconomic fundamentals have boosted the performance and soundness of the Indian banking and non-banking financial sectors. Banks' profitability improved for the sixth consecutive year in 2023-24, while their gross non-performing assets (GNPA) ratio reached its lowest level in 13 years at 2.7 per cent at end-March 2024[2]. Banks' capital position remained satisfactory, as reflected in key parameters like leverage ratio and capital to risk weighted assets ratio (CRAR). Strong credit expansion by NBFCs was accompanied by further strengthening of their balance sheets, improvement in credit quality and profitability, and satisfactory capital buffers.

I.4 Against this backdrop, this chapter provides an overall perspective of the opportunities and challenges faced by the domestic banking sector and NBFCs. The chapter presents an outlook for regulatory and supervisory changes in Section 2. Developments in payment and settlement systems are covered in Section 3. Opportunities and risks associated with adoption of emerging technologies are discussed in Section 4. Issues relating to financial inclusion, consumer protection and climate change are covered in sections 5 to 7, respectively. The chapter concludes with an overall assessment in Section 8.

1 International Monetary Fund (2024). *Global Financial Stability Report*, October.
2 Data pertain to global operations of scheduled commercial banks.

2. Regulation and Supervision

I.5 Building on the Reserve Bank's recent regulatory measures, a consultative process in formulation of regulations is being fostered through the 'Connect 2 Regulate' programme. A dedicated section on the Reserve Bank's website will be made available to stakeholders to share their inputs on topics announced by the Reserve Bank from time to time[3].

I.6 Under the process of supervision of banks, NBFCs and other financial entities, the focus is now on early detection and pre-emptive correction. The enhanced off-site assessment framework is more analytical and forward-looking with introduction of macro-stress tests, early warning indicators (EWIs), fraud vulnerability index (FVI), micro-data analysis (MDA), and use of artificial intelligence (AI) and machine learning (ML) techniques.

I.7 The Reserve Bank's frequent and wide interactions with supervised entities (SEs), including with managing directors (MDs) and chief executive officers (CEOs) as well as board directors, will be carried forward. Engagement with SEs is also being strengthened through DAKSH portal – a SupTech initiative with end-to-end workflow solution to streamline and strengthen various supervisory processes. Additionally, direct interactions with statutory auditors have further strengthened the oversight framework. This consultative approach is also being followed in revision of various regulatory guidelines including Basel III standards. The Reserve Bank is also working on issuing final guidelines on disclosure framework for climate-related financial risks.

Unsecured Lending

I.8 In response to the Reserve Bank's November 2023 macroprudential measures to contain potentially excessive risk build-up from high credit growth in unsecured retail segments, there has been some moderation in credit growth, but delinquency levels and leverage warrant enhanced vigil. While specific limits have been prescribed for unsecured lending by urban co-operative banks (UCBs), boards of SCBs and NBFCs have discretion in fixing limits on unsecured exposures. However, some entities have fixed very high ceilings, which need to be continuously monitored. Going forward, the Reserve Bank expects the boards of REs to show prudence and avoid exuberance in the interest of their own financial health as also systemic financial stability[4].

Gold Loans

I.9 In view of several irregularities observed in grant of loans against gold ornaments and jewellery, including top-up loans, the Reserve Bank advised SEs to comprehensively review their policies, processes and practices on gold loans to identify gaps and initiate appropriate remedial measures in a time-bound manner. SEs were advised to closely monitor their gold loan portfolios and ensure adequate controls over outsourced activities and third-party service providers.

Top-up Loans

I.10 While top-up loans provide additional credit facilities to customers on the strength of their existing collateral such as houses,

[3] Reserve Bank of India (2024). Statement on Developmental and Regulatory Policies, December 6.
[4] Current Issues in the Indian Banking and Financial Sector, inaugural address by Shri Shaktikanta Das, July 19, 2024 at the Financial Express Modern BFSI Summit, Mumbai.

automobiles or gold, many REs may perceive such secured loans as having lower risk. Hence, such additional facilities are often sanctioned with minimal processes and due diligence, with liberal underwriting standards and lax adherence to prudential guidelines on loan-to-value (LTV) ratios, risk weights, and without ensuring the end-use of funds. These practices could lead to build-up of risks, especially during times when collaterals for such loans become volatile or face cyclical downturns. In view of these concerns, the Reserve Bank in November 2023 had instructed that all top-up loans extended by REs against movable assets, which are inherently depreciating in nature, should be treated as unsecured loans for credit appraisal, prudential limits and exposure purposes. The Reserve Bank will assess the need, if any, for additional regulatory interventions to mitigate the identified risks in cases of other top-up loans.

Foreclosure Charges/ Pre-payment Penalties on Loans

I.11 Banks and NBFCs are presently not permitted to levy foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business, to individual borrowers with or without co-obligant(s). To safeguard customers' interest through better transparency, broadening the scope of such regulations to cover loans to micro and small enterprises (MSEs) is being considered.

Private Credit Markets

I.12 The shift in lending intermediation from banks to private entities is gaining traction globally. Traditionally, private credit firms raise resources from high-risk appetite investors to finance mid-sized companies — a segment which often faces challenges in getting finance from banks and public debt markets. Recent trends, however, indicate that the reach of private credit is expanding beyond mid-sized corporate borrowers, intensifying competition with banks in the syndicated loan markets[5]. In India, the size of such private credit firms and the resources raised by them is not very large. A closer look is, however, warranted at the inter-linkages between REs, including banks and NBFCs, with such firms. Strong interrelationship between them could give rise to systemic concerns along with the possibility of regulatory arbitrage to circumvent regulations.

Know Your Customer (KYC)

I.13 The amendments to KYC master directions, issued on November 6, 2024, now mandate REs to seek from the customer or retrieve from Central KYC Registry (CKYCR), the customer's KYC identifier for the purpose of verification of identity of the customer and for ongoing due diligence. It also mandates the use of CKYCR for the purpose of re-KYC or periodic updation of KYC details by REs. The amendment further mandates a time limit of seven days or as notified by the central government for REs to update customer records in CKYCR. REs are also required to retrieve the updated information from CKYCR and maintain the updated record.

I.14 However, certain gaps in implementation of these directions by REs are resulting in several accounts getting frozen, denying customers access to their funds. Other related issues include lack of a proactive approach in assisting and obtaining customers' documents; inadequate

[5] International Monetary Fund (2024). *Global Financial Stability Report*, The Last Mile: Financial Vulnerabilities and Risks, April.

staff deployment in such critical functions resulting in overcrowding or denial of service at branches; directing the customers to their home branch for KYC updation rather than facilitating the same at branch of customers' convenience; and failure to update the details in the system even after the customers have provided the required documents. There are also instances of accounts meant to receive direct benefit transfers (DBT) from the government being made inoperative or frozen, contrary to regulatory guidelines. In such matters, it is essential for the banks' boards to establish policies and direct banks to adopt standard operating procedures that are not only compliant with regulatory guidelines but also practical for effective implementation. Banks should ensure that KYC guidelines are followed with both precision and empathy[6].

Higher Employee Attrition

I.15 Employee attrition rates are high across select private sector banks (PVBs) and small finance banks (SFBs). The total number of employees of PVBs surpassed that of public sector banks (PSBs) during 2023-24, but their attrition has increased sharply over the last three years, with average attrition rate of around 25 per cent. High attrition and employee turnover rate pose significant operational risks, including disruption in customer services, besides leading to loss of institutional knowledge and increased recruitment costs. In various interactions with banks, the Reserve Bank has stressed that reducing attrition is not just a human resource function but a strategic imperative. Banks need to implement strategies like improved onboarding processes, providing extensive training and career development opportunities, mentorship programmes, competitive benefits, and a supportive workplace culture to build long-term employee engagement.

3. Payment and Settlement Systems

Payment Aggregators (PAs)

I.16 The Payments Vision 2025 emphasised the need to bring all significant payment intermediaries under direct regulation of the Reserve Bank. In line with the vision, guidelines for regulation of online PAs are proposed to be applied to PA-Point of Sale as well. This measure would bring in synergy in regulation and convergence of standards.

Beneficiary Name Look-up Facility

I.17 The facility for the remitter to verify the name of the receiver before initiating a transaction in payment systems like Unified Payments Interface (UPI) and Immediate Payment Service (IMPS) is being extended to cover the Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) systems. This facility will help reduce the possibility of wrong credits and frauds.

Cheque Truncation System (CTS)

I.18 The current batch processing approach of cheque processing results in a clearing cycle of up to two working days. To improve efficiency and reduce settlement risk for participants, a proposal to transition CTS to 'on realisation settlement' is being considered. Under the new approach, cheques will be scanned, presented, and passed on a continuous basis during business hours and the clearing cycle will be reduced to a few hours.

[6] The Board's Role in Navigating Transformation, Special Address by Shri Swaminathan J., November 18, 2024, at the Conference of Directors of Private Sector Banks in Mumbai.

Internationalisation of Payment Systems

I.19 The Reserve Bank has taken several steps to promote and enhance acceptance of Indian payment instruments globally through initiatives like interlinking the UPI with fast payment systems of other countries and promoting acceptance of RuPay cards globally. Such arrangements have already been operationalised in Singapore, UAE, Nepal, Mauritius, Bhutan, France, Sri Lanka and the Maldives. The deployment of UPI-like payment system is underway in Peru and Namibia. In June 2024, the Reserve Bank joined Project Nexus, a multilateral international initiative to enable instant cross-border retail payments by interlinking domestic fast payment systems of five countries *viz*. Malaysia, the Philippines, Singapore, Thailand and India, who would be the founding members of this platform.

4. Adoption of Emerging Technologies

I.20 Digital technologies have been instrumental in expanding financial inclusion, improving efficiency, and enabling real-time services across India. Initiatives leveraging technologies such as the Unified Lending Interface (ULI) and Open Credit Enablement Network (OCEN) are expected to redefine credit access, particularly for small businesses and individuals. The Reserve Bank has been supporting innovations to provide seamless and efficient experience for customers. However, the digital shift also introduces risks that must be identified, mitigated and managed to maintain a stable and secure financial ecosystem.

I.21 The Reserve Bank convened structured and open interactions with FinTechs at periodic intervals with a view to convey the policy initiatives, understand the new developments, products, services and use cases, and gather market intelligence. The financial sector landscape is witnessing paradigm shifts with the advent of emerging technologies like AI/ML, tokenisation and cloud computing. While the benefits of their adoption are many, the attendant risks like algorithmic bias, explainability of decisions and data privacy are also high. To address the attendant risks early in the adoption cycle, the Reserve Bank announced that a committee will be constituted to develop a Framework for Responsible and Ethical Enablement of AI (FREE-AI) to recommend a robust, comprehensive, and adaptable AI framework for the financial sector[7].

Digital Lending

I.22 Several reports indicate continued presence of unscrupulous players in digital lending space, who falsely claim association with REs. To aid the customers in verifying the claims of a Digital Lending App's (DLA's) association with an RE, the Reserve Bank is in the process of creating a public repository of DLAs deployed by REs. The repository will contain data submitted by REs, without any intervention by the Reserve Bank and REs will be required to update the same whenever there is an addition of a new DLA or deletion of an existing DLA.

Scaling up Unified Lending Interface

I.23 The ULI (earlier called Public Tech Platform for Frictionless Credit) is a digital public infrastructure in lending space, which will unlock critical financial, non-financial and alternate data for lenders to enable informed credit decisions. The pilot on ULI commenced from August 17, 2023. As on December 6, 2024, over 6 lakh loans amounting to ₹27,000 crore, including a substantial number of micro, small

[7] Reserve Bank of India (2024). Statement on Developmental and Regulatory Policies, December 6.

and medium enterprise (MSME) loans (1.60 lakh loans amounting to ₹14,500 crore) have been disbursed using application programming interfaces (APIs) from the platform. 36 lenders, including various banks (PSBs, PVBs, SFBs, district central co-operative banks, regional rural banks) and NBFCs have been onboarded. These lenders are using more than 50 data services including, *inter alia*, authentication and verification services, land records data from six states, satellite service, transliteration, property search services, dairy insights and identity/ document verification. Further, 12 loan journeys have been introduced, including *kisan* credit card, digital cattle, MSME (unsecured), housing, personal, tractor, micro business, vehicle, digital gold, e-Mudra, pension and dairy maintenance loans. Based on the learnings and the positive response from stakeholders, the scope and coverage of the platform is being expanded to include more loan journeys, data providers and lenders.

Central Bank Digital Currency (CBDC)

I.24 The CBDC-retail (CBDC-R) pilot currently enables person-to-person (P2P) and person-to-merchant (P2M) transactions using digital rupee wallets provided by pilot banks. The programmability and offline functionality in CBDC-R are also being tested under the pilot. Programmability will permit users, including government agencies, to ensure that payments are made for defined benefits. Similarly, entities will be able to program specified expenditures, such as, business travel for their employees. Features like validity period or geographical areas within which CBDC-R may be used can also be programmed. The solutions to enable offline functionality in CBDC-R (both proximity and non-proximity based) for making transactions in areas with poor or limited internet connectivity are also being tested in a closed user group. These functionalities will be scaled up through pilots in a gradual manner.

5. Financial Inclusion

I.25 India has taken significant strides in enhancing access to banking and financial services, reaching even the most remote areas of the country. Efforts are envisaged for improving the usage and quality of services, including bridging the gender gap[8].

National Strategy for Financial Inclusion 2.0

I.26 The next iteration of the National Strategy for Financial Inclusion (NSFI) for the period 2025-30 is being developed based on wide ranging stakeholder consultations and the experience gained during the implementation of the current strategy. It will focus on further deepening of financial inclusion while tackling emerging challenges.

Review of Lead Bank Scheme (LBS)

I.27 A comprehensive review of the LBS is underway to enhance the effectiveness of the scheme and achieve deepening of financial inclusion through improved access, usage, and quality of financial services for all sections of the population.

6. Consumer Protection

I.28 Fair treatment of customers and effective grievance redressal mechanism are the most

[8] Reaching the Unreached – Ensuring Last Mile Connectivity of Banking Services-keynote address by Shri Swaminathan J., September 20, 2024 at the Conference of Lead District Managers and District Development Managers in Hubballi.

important means of consumer protection. In this regard, a survey is being carried out by the Reserve Bank to gain insights into the low number of complaints emanating from rural and semi-urban populations. The Reserve Bank is also encouraging banks to strengthen their internal grievance redress frameworks.

I.29 With a view to fostering greater transparency and disclosure by REs in pricing of loans and other charges levied on the customers, with effect from October 1, 2024, it has been made mandatory for REs to provide a key facts statement (KFS) to borrowers in respect of all new retail and MSME term loans, containing the important information regarding a loan agreement, including all-in-cost of the loan, in simple and easy-to-understand format.

Digital Frauds

I.30 While many cases of digital frauds result from social engineering attacks on customers, there is also a rapid increase in the use of mule bank accounts to perpetrate such frauds. This exposes banks not only to serious financial and operational risks, but also to reputational risks. Banks, therefore, need to strengthen their customer onboarding and transaction monitoring systems to monitor unscrupulous activities. This also requires effective co-ordination with the law enforcement agencies (LEAs) so that the concerns occurring at a systemic level are detected and curbed in time. The Reserve Bank is working with banks and LEAs to strengthen transaction monitoring systems and ensure sharing of best practices for control of mule accounts and prevention of digital frauds[9]. Another initiative in this direction is the AI / ML based model called MuleHunter.AI™, being piloted by Reserve Bank Innovation Hub (RBIH)[10].

Dark Patterns

I.31 Dark patterns, which are design interfaces and tactics used to trick users into desired behaviour, have emerged as a new form of mis-selling. The Central Consumer Protection Authority (CCPA) notified guidelines on prevention and regulation of dark patterns on November 30, 2023, with the objective of identifying and regulating such practices. The Reserve Bank is also looking into the prevalence of such practices among its REs and considering appropriate policy actions.

7. Climate Change

I.32 Climate change risks are envisaged to impact profitability of financial institutions, growth prospects, and inflation dynamics and, thus, impinge upon financial stability and price stability. To foster assessment of these concerns by REs, regulatory and supervisory frameworks need to be strengthened with enhanced risk management guidelines; disclosure requirements; periodic stress testing; and stipulating reasonable verification and assurance functions.

I.33 In line with India's commitment towards net-zero transition, the Reserve Bank has taken proactive steps like including financing renewable energy projects under priority sector loans; introducing green deposits framework; issuance of sovereign green bonds (SGrBs); allowing investment and trading in SGrBs

[9] Current Issues in the Indian Banking and Financial Sector-Inaugural Address by Shri Shaktikanta Das, July 19, 2024 at the Financial Express Modern BFSI Summit, Mumbai.
[10] Reserve Bank of India (2024). Statement on Developmental and Regulatory Policies, December 6.

by eligible foreign investors in International Financial Services Centre (IFSC) in India; and issuing a draft disclosure framework for climate-related financial risks for public consultation.

I.34 The Reserve Bank is also in the process of finalising and issuing a guidance note on scenario analysis and stress testing of climate related risks for REs, covering modelling techniques, scenario considerations and methodologies for carrying out stress testing exercises. The Reserve Bank's aspirational goals for RBI@100 include establishing a robust regulatory and supervisory framework to effectively manage challenges arising from climate change, enhancing the resilience of payment systems against climate risks, and collaborating with the government for finalising a comprehensive taxonomy[11].

Reserve Bank Climate Risk Information System (RB-CRIS)

I.35 Climate risk assessments by REs would require, *inter alia*, high quality data relating to local climate scenarios, climate forecasts, and emissions. The publicly available climate related data are characterised by various gaps, such as, fragmented and varied sources, differing formats, frequencies and units. To bridge these gaps, the Reserve Bank plans to create a data repository, *viz.*, the Reserve Bank – Climate Risk Information System (RB-CRIS)[12]. The first part of the repository will be a web-based directory, listing various data sources, including meteorological and geospatial data, which will be publicly accessible at the RBI website. The second part will comprise processed datasets in standardised formats. The access to this data portal will be made available only to REs in a phased manner.

8. Overall Assessment

I.36 Banks and NBFCs remain the backbone of India's financial sector, providing support to its growth aspirations by meeting the credit requirements of the productive sectors of the economy. The Reserve Bank will continue to nurture and incentivise the development of infrastructure to give a 'digital push' to payments and settlements. It is also committed to playing an enabling role in the adoption of emerging technology, while reinforcing its customer-centric measures and deepening financial inclusion. Maintaining financial stability remains the overarching goal and will continue to guide the Reserve Bank's regulatory and supervisory policies.

[11] Reserve Bank of India (2024). Governor's Statement, June 7.
[12] Reserve Bank of India (2024). Statement on Developmental and Regulatory Policies, October 9.

II GLOBAL BANKING DEVELOPMENTS

The global banking sector exhibited improvement in asset quality and capital and provision buffers during 2024. Credit growth and profitability moderated, reflecting the impact of tight financial conditions. Global regulatory and supervisory actions were directed towards addressing concerns regarding securitisation, resilience of the non-banking financial sector, climate and nature-related risks and regulation of crypto-assets. Going forward, policy makers will have to remain vigilant against build-up of risks in the financial system amidst escalating geopolitical tensions, rapidly emerging new technologies and increasing climate-related risks.

1. Introduction

II.1 In 2024, the global economy recovered from post-pandemic supply-chain disruptions, and multi-decadal high inflation[1]. Global growth stabilised and inflation eased to striking distance of targets across major jurisdictions. Geopolitical tensions, ongoing geoeconomic fragmentation, high government debt, stretched asset valuations, cyber threats in conjunction with technological transformation and climate change-related issues, however, weigh on the outlook.

II.2 The global banking sector successfully navigated these turbulences. Strains faced by banks in some jurisdictions in March 2023 were alleviated by swift policy interventions. Although a systemic spillover impact was avoided, this episode flagged financial stability challenges emanating from the liabilities side of banks' balance sheets. Yet, asset quality, provisions and capital buffers remained satisfactory across advanced economies (AEs) and emerging market and developing economies (EMDEs).

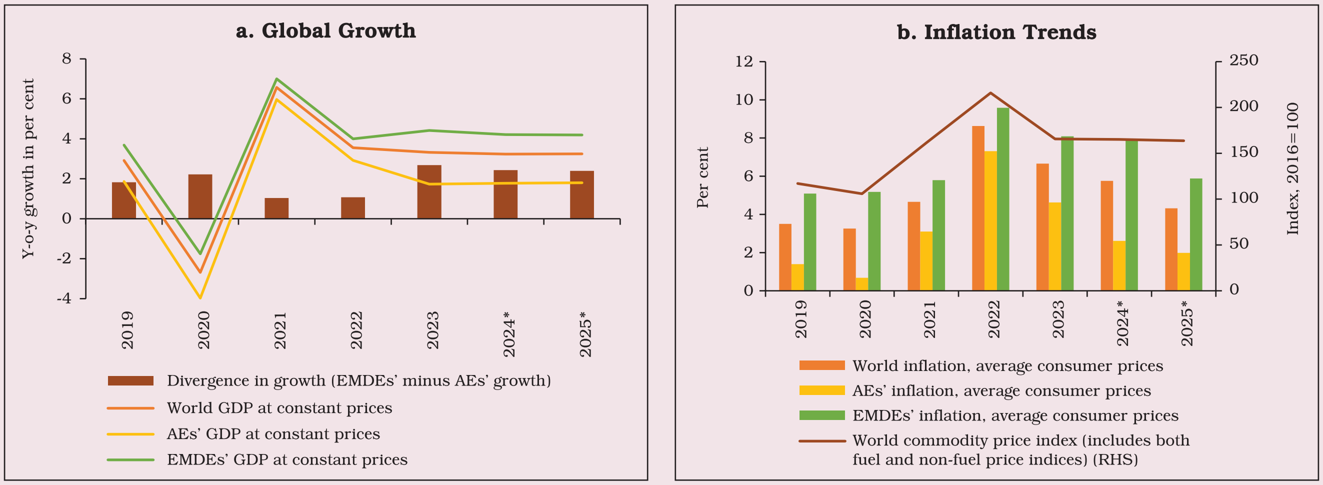
II.3 Against this backdrop, this chapter covers developments in the global banking sector. Section 2 reviews current global macroeconomic conditions. Global banking policy developments are discussed in Section 3. Section 4 examines the performance of the global banking sector, while Section 5 focuses on the performance and soundness of the top 100 global banks ranked by Tier 1 capital positions. Section 6 concludes with an overall assessment.

2. Global Macroeconomic Conditions

II.4 Global gross domestic product (GDP) is estimated to grow by 3.2 per cent in both 2024 and 2025[2] (Chart II.1a). Inflation is gradually receding from multi-decadal highs across geographies on the back of aggressive monetary tightening, and corrections in food and energy prices. It is estimated to moderate from 6.7 per cent in 2023 to 5.8 per cent in 2024 and further to 4.3 per cent in 2025 (Chart II.1b). Services inflation, however, remains at elevated levels across AEs and poses upside risks to the inflation trajectory.

[1] Following global practice, throughout this chapter, year pertains to the calendar year *viz.* January to December.
[2] International Monetary Fund (IMF) (2024). *World Economic Outlook* (WEO), October.

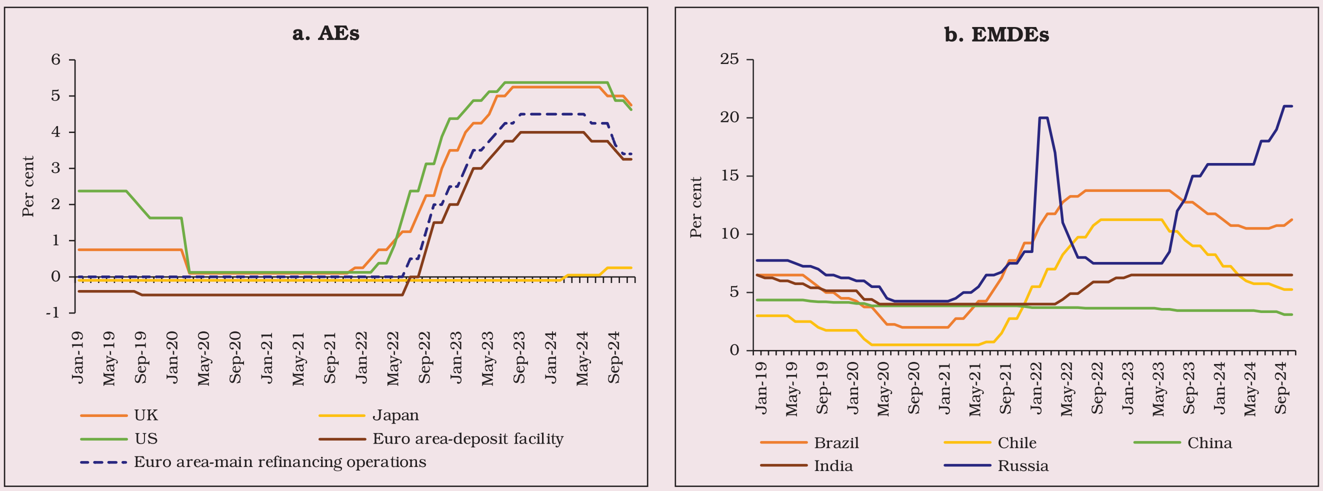
Chart II.1 Growth and Inflation



Note: *: Projections.
Source: World Economic Outlook, IMF.

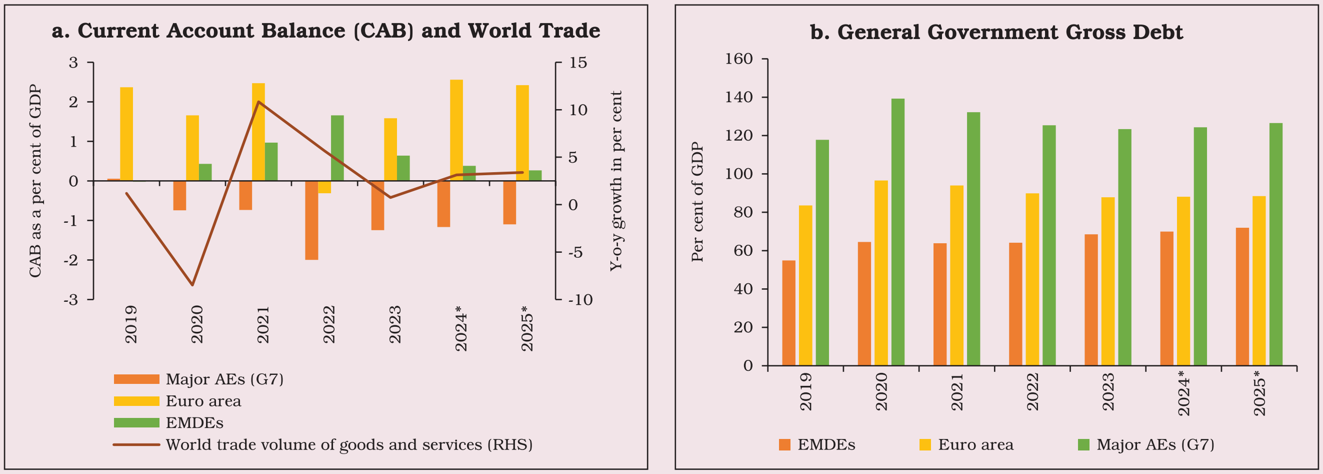
II.5 Major central banks have started reducing policy rates as they gain confidence that inflation is moving towards targets. The US Federal Reserve reduced the federal funds target rate by 50 basis points (bps) on September 18, 2024 - the first rate cut since March 2020 – and by 25 bps each in November and December, 2024. The European Central Bank (ECB) changed its monetary policy operational framework with effect from September 2024. Deposit facility rate (DFR) is now the *de facto* policy rate through which the ECB will steer its monetary policy stance, as compared to the main refinancing operations (MROs) rate, which was the earlier policy rate. During 2024, the ECB cut the policy rate four times. The Bank of England (BoE) started its easing cycle with a reduction of 25 bps in August 2024, followed by another 25 bps reduction in November 2024. The Bank of Japan exited its negative interest rate policy after eight years and abandoned yield curve control (Chart II.2a). Monetary policy responses

Chart II.2 Monetary Policy Rates



Source: Bank for International Settlements (BIS) and Bloomberg.

Chart II.3 Current Account and General Government Gross Debt



Note: *: Projections.
Source: World Economic Outlook, IMF.

of EMDE central banks were more varied. Chile began cutting rates in 2023 and continued with its easing cycle into 2024. Indonesia and South Africa began their easing cycles in September 2024. Brazil, on the other hand, reversed its easing cycle with a cumulative increase of 175 bps in the policy rate during September 2024 to December 2024 in response to inflation moving above the target. China announced monetary and other stimulus measures in September 2024 to support economic growth and address property sector risks (Chart II.2b).

II.6 After widening substantially during the pandemic years (2020-2022), the current account deficit (CAD) of AEs has been moderating, though it remains higher than in the pre-pandemic years. Growth in the volume of world trade in goods and services recovered to 3.1 per cent in 2024 from 0.8 per cent in 2023, driven by ebbing inflation and increased exports from Asia, particularly in the technology sector (Chart II.3a). Government deficits and debt, which came under pressure in 2020 due to the large pandemic-related support, remained elevated, especially for AEs (Chart II.3b). High government debt levels also posed challenges for EMDEs in an environment of tight financial conditions.

3. Global Banking Policy Developments

II.7 Systemic spillovers from the failure of Silicon Valley Bank and some U.S. regional banks in March 2023 and the collapse of Credit Suisse before its merger with the UBS in June 2023 were avoided through swift and sizeable regulatory actions and liquidity support. These episodes, however, raised concerns about the resilience of the banking sector and exposed weaknesses in governance, risk management practices, and regulatory frameworks. The growing role of non-banking financial institutions (NBFIs) in the recent years has added an additional layer of complexity to the financial system. Regulators and central banks are strengthening their supervisory frameworks to mitigate systemic risks emanating from interconnectedness. The increased adoption of digital banking and FinTech solutions highlights the need to improve traditional banking models and address new regulatory challenges[3].

[3] https://www.bis.org/publ/arpdf/ar2024e.pdf

3.1 Building Resilient Financial Institutions[4]

II.8 The March 2023 banking turmoil highlighted the need for prudent regulation and effective supervision and underlined the importance of implementing all aspects of the Basel III framework. Basel Committee on Banking Supervision (BCBS) member jurisdictions have made significant progress in implementing the final Basel III elements, effective January 1, 2023. As of September 2024, one-fourth of Financial Stability Board (FSB) member jurisdictions had fully implemented the final elements of Basel III, while most member jurisdictions had published final rules for most of the elements[5]. Since end-September 2023, around half of the 27 member jurisdictions have published the final rules for the revised credit risk, market risk and operational risk standards as well as the output floor. In addition, three member jurisdictions have issued the final rules for the revised leverage ratio exposure definition. As a result, over two-thirds of member jurisdictions have now published final rules for all the final elements of Basel III and these standards are in force in more than a third of the member jurisdictions.

II.9 Further progress has also been made on other standards that had implementation dates before January 1, 2023. Since end-September 2023, eight jurisdictions have completed implementing the interest rate risk in the banking book standard, seven have implemented various disclosure elements, and two each have implemented margin requirements for non-centrally cleared derivatives (NCCDs), capital requirements for exposures to central counterparties (CCPs), and large exposures framework (LEF). For capital requirements for equity investments in funds, securitisation framework and monitoring tools for intra-day liquidity management, one more member jurisdiction has published final rules.

3.2 Too-Big-to-Fail Reforms[6]

II.10 The FSB's work on bank resolution until now has primarily been focused on global systemically important banks (G-SIBs) and significant progress has been made in this regard. However, the 2023 banking turmoil highlighted the importance of resolution planning and loss-absorbing capacity for non-systemically important banks as well. In November 2024, the FSB emphasised that the existing guidance on resolution planning and execution may also be relevant for banks that may be systemically significant or critical if they fail, as such failure may also have severe consequences for the financial system or the broader economy[7]. The FSB recommended jurisdictions to enhance the usability of resolution tools, address liquidity in resolution, and ensure options to manage distress without systemic disruption and exposing taxpayers to loss.

II.11 The BCBS has found that the G-SIB assessment framework is influenced by year-end values of the indicators reported by participating banks. To address these concerns, the BCBS has proposed revisions requiring banks participating in the G-SIB assessment exercise to report and disclose the stock G-SIB indicators based on average of values over the reporting year instead of year-end values[8].

4 BIS (2024)- RCAP on timeliness: Basel III implementation dashboard
5 A jurisdiction is considered as having adopted a standard if a final rule is published and as having implemented a standard if a final rule has been published and is implemented by banks.
6 FSB (2024)- Annual Report: Promoting Global Financial Stability
7 FSB (2024)- The importance of resolution planning and loss-absorbing capacity for banks systemic in failure: Public statement
8 BCBS (2024)- Global systemically important banks - revised assessment framework

3.3 Making Derivatives Markets Safer

II.12 Implementation of the G20 over-the-counter (OTC) derivatives reforms has progressed well in major jurisdictions over the years. Jurisdictions with majority of global OTC derivatives activity have implemented comprehensive trade reporting requirements, central clearing and platform trading frameworks, and capital and margin requirements for NCCDs. Jurisdictions yet to implement these reforms account for a low proportion of global OTC derivative market activity.

II.13 Over the past five years, the number of FSB member jurisdictions with comprehensive trade reporting requirements has remained unchanged, with only one additional jurisdiction adopting central clearing or platform trading frameworks[9].

3.4 Securitisation

II.14 A number of regulatory reforms have been introduced since the global financial crisis (GFC) in 2008 to improve transparency, address conflicts of interest, strengthen the regulatory capital treatment for banks' securitisation exposures by improving risk sensitivity and reducing cliff effects, and align incentives associated with securitisation. In July 2024, the FSB published a consultative report, evaluating the effects of the G20 financial regulatory reforms on securitisation[10]. The findings suggest that the reforms have contributed to the resilience of the securitisation market without strong evidence of material negative side-effects on financing to the economy.

3.5 Non-Bank Financial Intermediation

II.15 NBFIs accounted for almost half of global financial assets at end-2022. Concerns regarding their growing size and interconnectedness came to the fore in the aftermath of the GFC, the March 2020 pandemic-related market turmoil, the 2021 Archegos Capital episode, and more recently during the Chinese property sector crisis. In April 2024, the BCBS issued a consultative document with guidelines for counterparty credit risk (CCR) management to replace the 1999 guidelines. These include key practices critical to resolving long-standing industry weaknesses in CCR management.

II.16 Further, to enhance the resilience of the sector and monitor its developments, the FSB and standard setting bodies (SSBs) proposed policies in early 2024 to enhance margining practices and liquidity preparedness of non-bank market participants for margin and collateral calls[11].

3.6 March 2023 Banking Turmoil

II.17 In October 2024, the FSB published a report which identified three types of entities most vulnerable to a combination of solvency and liquidity risks: weak banks, life insurers, and non-bank real estate investors[12]. The report also highlighted that technological advancements have facilitated easier and faster deposit transfers, and social media may have influenced some of the recent bank runs.

9 2024 FSB Annual Report- Promoting Global Financial Stability
10 https://www.fsb.org/2024/07/evaluation-of-the-effects-of-the-g20-financial-regulatory-reforms-on-securitisation-consultation-report/
11 https://www.fsb.org/wp-content/uploads/P220724-2.pdf
12 FSB (2024)- Depositor Behaviour and Interest Rate and Liquidity Risks in the Financial System: Lessons from the March 2023 banking turmoil

II.18 In October 2024, the BCBS, at the request of the G20 Brazilian Presidency, published a report which summarises the lessons on liquidity risk learnt from the March 2023 banking turmoil[13]. These lessons include: (i) liquidity supervision may need to evolve in light of recent experience; (ii) importance may be accorded to monitoring and managing risks for internationally active banks at a consolidated group as well as legal entity level; and (iii) discussions may be warranted on the calibration of assumptions of the Basel standards of liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

3.7 Central Counterparty

II.19 The systemic importance of CCPs has spurred steps to ensure the availability of sufficient liquidity, loss-absorbing capacities, and recapitalisation tools to sustain the CCPs' essential functions and mitigate the potential negative impacts on financial stability during a resolution. In 2024, the FSB devised a "toolbox" approach setting a global standard for financial resolution resources and tools for CCPs that are deemed systemically important[14]. The toolbox approach provides authorities the flexibility to select from a range of resources and tools, complementing the ones that already existing in their jurisdictions.

3.8 Cross-Border Payments

II.20 In October 2024, the FSB published its second Key Performance Indicators (KPIs) report on meeting targets for cross-border payments, which highlighted areas of progress and identified challenges[15]. The report concluded that at the global level, the KPIs show limited progress towards achieving the targets and that the differences across regions and corridors remain, with some regions continuing to face greater challenges, particularly in meeting the targets set for cost and speed.

II.21 To take the G20 roadmap forward, the FSB published two consultation reports in July 2024, one which puts forth policy recommendations to promote alignment and interoperability across cross-border payments related data frameworks, and the other which sets out policy recommendations to strengthen the consistency in the regulation and supervision of banks and non-banks in their provision of cross-border payment services in a way that is proportionate to the risks associated with such activities[16, 17].

II.22 Service-level agreements (SLAs) used in cross-border payment arrangements define minimum service levels for correspondent banking relationships. In April 2024, the Committee on Payments and Market Infrastructures (CPMI) published a report advocating the establishment of clear, transparent and enforceable SLAs, which may effectively mitigate risks from cross-border payments, adequately define transparent and efficient payment processing rules, ensure timeliness and finality of settlement, and promote interoperability with internationally accepted technical standards[18].

13 BCBS (2024)- The 2023 banking turmoil and liquidity risk: a progress report
14 https://www.fsb.org/2024/04/financial-resources-and-tools-for-central-counterparty-resolution/
15 https://www.fsb.org/2024/10/annual-progress-report-on-meeting-the-targets-for-cross-border-payments-2024-report-on-key-performance-indicators/
16 https://www.fsb.org/2024/07/recommendations-to-promote-alignment-and-interoperability-across-data-frameworks-related-to-cross-border-payments-consultation-report/
17 https://www.fsb.org/2024/07/recommendations-for-regulating-and-supervising-bank-and-non-bank-payment-service-providers-offering-cross-border-payment-services-consultation-report/
18 https://www.bis.org/cpmi/publ/d222.htm

3.9 Climate and Nature-related Risks

II.23 Addressing financial risks emanating from climate change is a key priority for all international bodies. The International Organisation of Securities Commissions (IOSCO), the International Sustainability Standards Board (ISSB), and other relevant bodies have collaborated to support jurisdictions in adopting and applying the ISSB's new sustainability-related disclosure standards.

II.24 An FSB progress report on climate-related disclosures indicates that out of the 24 FSB member jurisdictions surveyed, 19 have already enacted regulations, issued guidelines or developed strategic roadmaps for climate-related disclosures. 17 FSB jurisdictions have set or proposed voluntary or mandatory disclosure requirements based on the ISSB Standards and the recommendations of the Task Force on Climate-related Disclosures (TCFD). Moreover, several jurisdictions have taken concrete steps towards assurance requirements[19].

II.25 Previously, the FSB released a report on 'Stocktake on Nature-related Risks' in July 2024, which reviewed current and planned regulatory and supervisory initiatives and outlined the key challenges that authorities face in identifying, assessing, and managing nature-related financial risks[20]. The report revealed that financial authorities in FSB member jurisdictions are at varying stages of evaluating the relevance of biodiversity loss and other nature-related risks, with differences in mandates. Some jurisdictions have identified them as material financial risks, while others are still monitoring international developments, and a few have opted not to address the issue yet. However, there is a recognition that more expertise is required in the supervisory community, in central banks, and in the private sector to effectively understand and address nature-related financial risks.

II.26 In addition, the Network for Greening the Financial System (NGFS) put out a report on 'Adapting Central Bank Operations to a Hotter World' in July 2024 discussing insights from eight case studies from Europe and Asia. These case studies have highlighted how certain central banks have integrated climate-related factors into their monetary policies through initiatives such as adjusted credit operations, adjusted asset purchase schemes, and adjusted collateral policies[21]. While the central banks that have taken action have followed a cautious and gradual approach so far, it is expected that they will learn more about the associated trade-offs over time before taking more robust action.

II.27 The NGFS published the second edition of its 'Guide on Climate-related Disclosure for Central Banks' in June 2024, offering both baseline and building block recommendations[22]. The NGFS also published a 'Conceptual Framework to Guide Action by Central Banks and Supervisors on Nature-related Financial Risks' in July 2024[23]. This principle-based risk assessment framework is aimed at assisting central banks and supervisors in identifying and analysing material nature-related financial risks and developing relevant policies according to their jurisdictional context and mandates.

[19] FSB (2024)- Achieving Consistent and Comparable Climate-related Disclosures- Progress Report
[20] https://www.fsb.org/2024/07/stocktake-on-nature-related-risks-supervisory-and-regulatory-approaches-and-perspectives-on-financial-risk/
[21] https://www.ngfs.net/en/adapting-central-bank-operations-hotter-world-current-progress-and-insights-practical-examples
[22] https://www.ngfs.net/en/guide-climate-related-disclosure-central-banks-second-edition
[23] https://www.ngfs.net/en/ngfs-conceptual-framework-nature-risks

3.10 Crypto-Assets

II.28 The markets for crypto-assets and stablecoins have grown to all-time highs in recent months, with potential implications for macroeconomic and financial stability. International organisations, including the International Monetary Fund (IMF), the FSB, the World Bank, the Financial Action Task Force (FATF), and other SSBs have been working closely towards the implementation of the 'G20 Crypto-asset Policy Implementation Roadmap'.

II.29 The 2022 crypto market turmoil and subsequent collapse and de-pegging of certain stablecoins underscored the vulnerabilities arising from their inadequate regulation and design. While these risks and challenges are global, some EMDEs may be exposed to additional risks and challenges due to capacity and resource constraints, and prevalence of extensive cross-border operations of foreign currency pegged stablecoins. In its July 2024 report, the FSB explored potential factors driving the higher level of activity related to foreign currency-pegged stablecoins in EMDEs and provided suggestions to address the associated financial stability risks and regulatory challenges[24].

II.30 Multi-function crypto-asset intermediaries (MCIs) are firms that combine a broad range of crypto asset services, products, and functions, typically centred around the operation of a trading platform. MCIs face additional vulnerabilities as compared to traditional financial firms, as certain combinations of functions could exacerbate their vulnerabilities. The FSB published a report on financial stability implications of MCIs in November 2023, which analysed their structure and functioning, the relevant financial stability risks, the key information gaps, and the implications for policy consideration[25].

3.11 Artificial Intelligence (AI) and Tokenisation

II.31 In November 2024, an FSB report on 'Financial Stability Implications of Artificial Intelligence' identified AI-related vulnerabilities that stand out for their potential to increase systemic risk, which include: (i) third-party dependencies and service provider concentration; (ii) market correlations; (iii) cyber risks; and (iv) model risk, data quality and governance[26]. The report stated that generative AI (GenAI) also increases the potential for fraud and disinformation in financial markets, and misaligned AI systems that are not calibrated to operate within legal, regulatory, and ethical boundaries can engage in behaviour that harms financial stability.

II.32 In October 2024, an FSB report analysed the financial stability implications of distributed ledger technology (DLT)-based financial asset tokenisation. The report identified several financial stability vulnerabilities, which relate to liquidity and maturity mismatch, leverage, asset price and quality, interconnectedness, and operational fragilities[27].

II.33 The European Parliament in March 2024 adopted the world's first legal framework- the European Union (EU) AI Act, which aims to

24 https://www.fsb.org/wp-content/uploads/P230724.pdf
25 https://www.fsb.org/2023/11/the-financial-stability-implications-of-multifunction-crypto-asset-intermediaries/
26 FSB (2024)- The Financial Stability Implications of Artificial Intelligence
27 https://www.fsb.org/2024/10/the-financial-stability-implications-of-tokenisation/

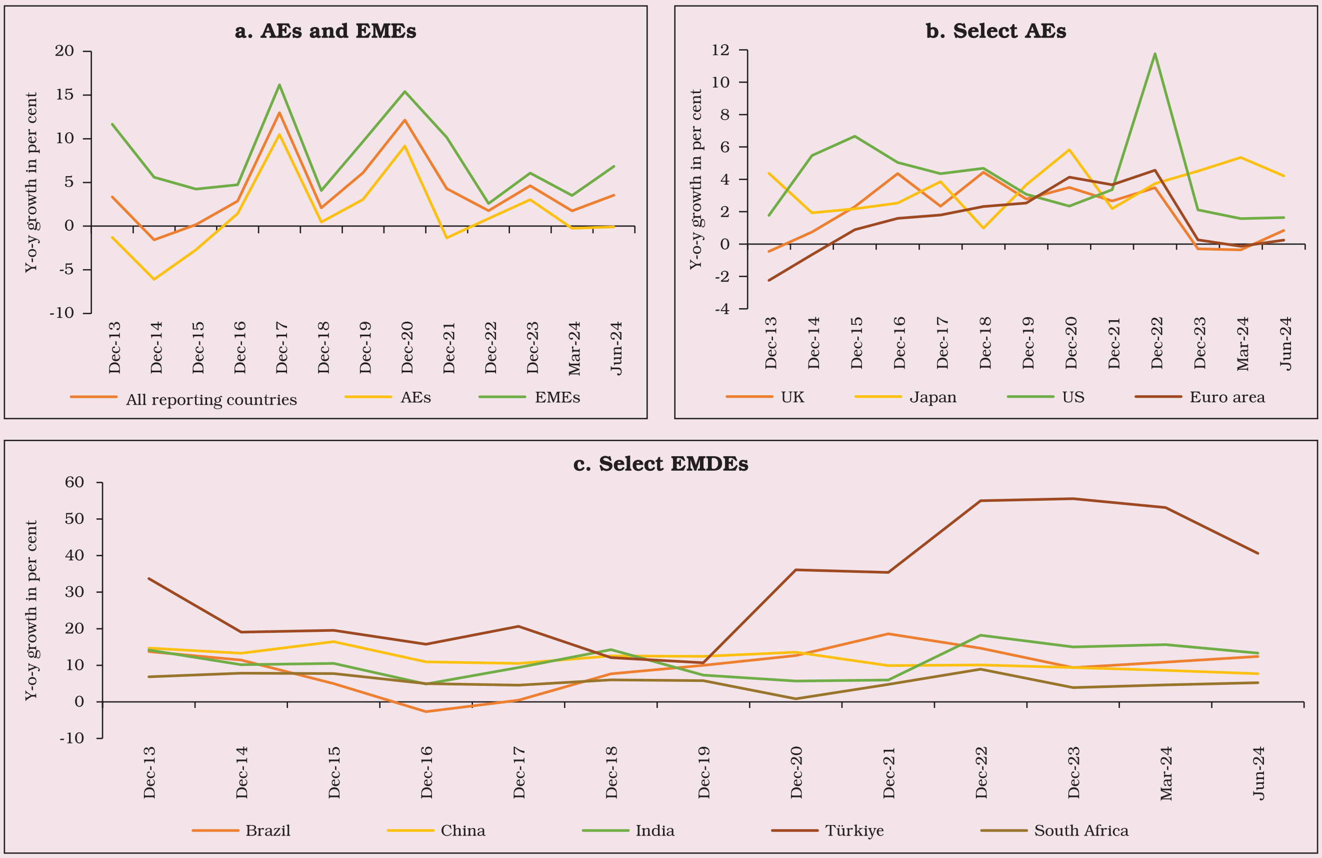
ensure that AI systems used in the EU are safe, transparent, traceable, non-discriminatory and environment friendly, and that the AI systems are overseen by people, rather than by automation, to prevent harmful outcomes[28].

4. Performance of the Global Banking Sector

II.34 Credit growth to the private non-financial sector, which decelerated sharply in the post-pandemic period, rebounded during Q4:2022 to Q3:2023 on strengthened economic activity and accommodative monetary and liquidity conditions. The moderation which subsequently set in, amidst high lending rates and tight credit standards, has shown signs of reversal on recent rate cuts[29] (Chart II.4a). In contrast, recent trends in Japan suggest some slowdown in credit growth (Chart II.4b). Among EMEs, credit growth in Türkiye, initially fuelled by household credit card use and economic recovery, has slowed down since Q3:2023[30] (Chart II.4c).

II.35 Credit deepening can start a virtuous cycle of GDP growth, but beyond a threshold it may be detrimental to economic activity (Box II.1).

Chart II.4 Bank Credit to the Private Non-Financial Sector



Source: Total Credit Statistics, BIS.

28 https://www.europarl.europa.eu/topics/en/article/20230601STO93804/eu-ai-act-first-regulation-on-artificial-intelligence

29 Economic Bulletin (2024) European Central Bank, Issue 5.

30 https://www.tcmb.gov.tr/wps/wcm/connect/d5b26167-65ec-45fc-b148-8ce753e53a80/III.+Non-Financial+Sector.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-d5b26167-65ec-45fc-b148-8ce753e53a80-p3LgjUI

Box II.1: Optimal Credit-to-GDP Ratio: A Cross-country Analysis

Credit deepening can contribute to higher consumption, investment and economic activity in the economy. However, there could be an inverted U-pattern in the impact of credit on economic growth: beyond a threshold, credit could be deployed in less productive or more risky activities and dampen growth (Law *et al.*, 2013) [Chart II.1.1].

To explore these dynamics, the relationship between GDP growth and credit-to-GDP ratio is estimated as follows:

$$GDP_{it} = \beta_1 F_{it-1} I(F_{it-1} \leq \gamma) + \beta_2 F_{it-1} I(F_{it-1} > \gamma) + \alpha_1 X_{it} + \mu_i + \varepsilon_{it} \quad \text{...(Eq.1)}$$

where subscript i represents the country and t indicates the year. GDP is the annual GDP per capita growth rate, F is the threshold variable (credit-to-GDP ratio in this case) and γ is the estimated threshold value. Matrix X consists of control variables such as the investment rate (as per cent of GDP), the inflation rate and total factor productivity growth (TFPG). In Model 1 (Table II.1.1), the investment-to-GDP ratio, TFPG and inflation are included as control variables. In Model 2, dummies for the 2008-09 global financial crisis (GFC dummy) and the 2013 taper tantrum episode are added, while a dummy for COVID-19 is added in Model 3. Annual data from 2001 to 2022 for 16 AEs and EMDEs have been used in the estimates. Data on total outstanding credit cover total borrowings by the private sector from all domestic and foreign sources, including banks and non-banks[31].

Table II.1.1: Threshold Regression Results

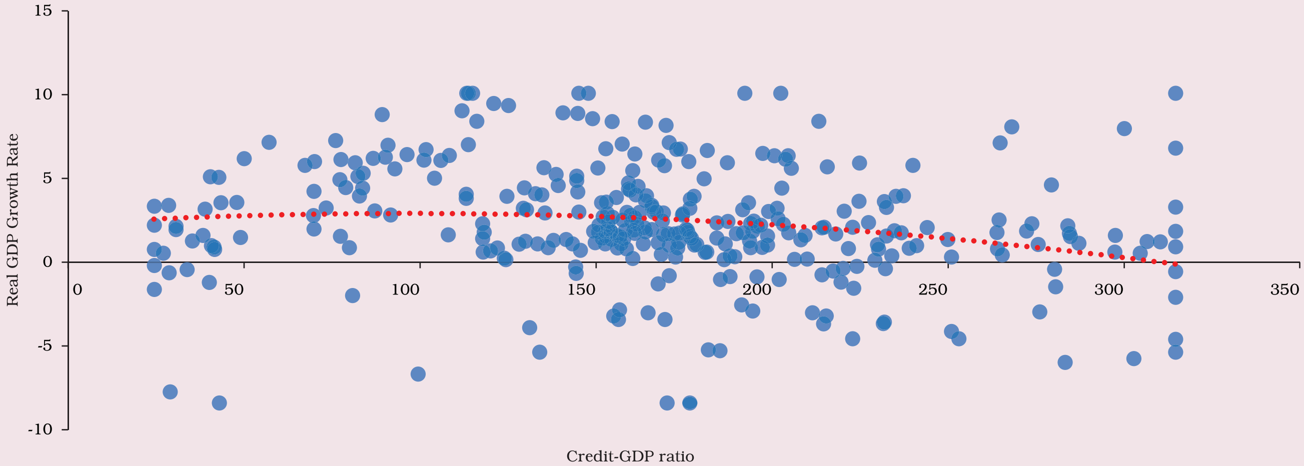
	Real GDP per capita growth	Real GDP per capita growth	Real GDP per capita growth
	1	2	3
Estimated Threshold	113.1	113.1	113.1
95% confidence Interval	[111.9; 113.2]	[111.9; 113.2]	[111.9; 113.2]
Impact of Credit-GDP Ratio			
β_1	0.0130	0.0116	0.0109
	(0.00927)	(0.00983)	(0.00984)
β_2	-0.00604*	-0.00706*	-0.00744**
	(0.00318)	(0.00374)	(0.00374)
Impact of Covariates			
TFPG	1.371***	1.344***	1.355***
	(0.0563)	(0.0575)	(0.0572)
Investment to GDP Ratio	0.204***	0.204***	0.204***
	(0.0297)	(0.0296)	(0.0299)
Inflation	0.0691	0.0883*	0.0784
	(0.0499)	(0.0506)	(0.0535)
GFC Dummy		-0.430	-0.362
		(0.286)	(0.287)
Taper Tantrum Dummy		0.172	0.250
		(0.263)	(0.268)
COVID-19 Dummy			-0.0242
			(0.314)
Constant	-2.145**	-1.987**	-1.959**
	(0.963)	(0.967)	(0.971)
Observations	336	336	336
R-squared	0.675	0.681	0.681
Number of Countries	16	16	16

Notes: 1) Robust standard errors in parentheses.
2) *** p<0.01, ** p<0.05, * p<0.1

Source: RBI staff estimates.

The results suggest a credit threshold at 113.1 per cent of GDP for the sample countries, although the threshold could differ for each country and vary over time depending on its structural factors. The significant and negative above-threshold coefficient (β_2) shows that the expansion of credit-to-GDP ratio beyond the threshold hampers economic growth, consistent with the literature (Arcand, *et. al.* 2012). As expected, TFPG and the investment-to-

Chart II.1.1: Cross-country Credit-to-GDP Ratio and Real GDP Growth Rate



Source: RBI staff estimates.

[31] Data on credit-to-GDP ratio are sourced from the BIS, while that on inflation and investment-to-GDP ratio are from the IMF's WEO, and total factor productivity growth (TFPG) are from the Conference Board.

GDP ratio have a positive and significant impact on GDP growth. The results remain robust after the inclusion of dummies for GFC, taper tantrum and COVID-19 (Table II.1.1, Model 2 and Model 3).

India's total credit-to-GDP ratio (including credit extended by banks as well as NBFCs) at 90.1 per cent in 2022 was below that of AEs and of emerging market economies (EMEs) as well as the estimated threshold. As such, higher credit growth remains supportive of economic growth.

References:

Arcand, J.L., Berkes, E., & Panizza, U. (2012). Too Much Finance? *IMF Working Paper*, 2012/161.

Law, S. H., & Singh, N. (2014). Does Too Much Finance Harm Economic Growth? *Journal of Bank and Finance*, Vol. 41, 36-44.

4.1 Asset Quality

II.36 The non-performing loans (NPL) ratio serves as a key indicator of credit risk of a bank's loan portfolio. The asset quality of banks has improved in recent years across most AEs and EMDEs (Table II.1). In the Euro area, Greece has made notable progress since 2018 in reducing its historically high NPL ratio, although it remains considerably higher than in other Euro area countries.

4.2 Provision Coverage Ratio

II.37 A higher provision coverage ratio (PCR) indicates that the banking system has

Table II.1: Asset Quality
(NPL Ratio)

(Per cent)

Country	2015	2019	2020	2021	2022	2023	Q1:2024	Q2:2024
1	2	3	4	5	6	7	8	9
Advanced Economies								
Australia	0.89	0.96	1.11	0.91	0.72	0.85	0.95	N.A.
Canada	0.52	0.50	0.53	0.38	0.33	0.45	0.48	0.53
Denmark	3.28	1.37	1.41	1.24	1.07	0.94	0.93	0.90
UK	1.01	1.02	0.98	0.97	0.95	0.98	0.99	1.01
US	1.47	0.86	1.07	0.81	0.72	0.85	0.90	N.A.
Euro Area								
Belgium	3.85	2.09	2.07	2.03	1.84	1.82	1.88	N.A.
France	3.52	2.51	2.38	2.17	2.08	2.06	2.06	N.A.
Greece	35.71	38.07	30.81	11.88	8.17	5.96	6.65	6.17
Ireland	16.91	3.36	3.36	2.48	1.61	1.27	1.32	1.17
Netherlands	2.71	1.83	1.88	1.72	1.60	1.55	1.54	1.57
Spain	5.09	3.15	2.85	2.92	3.06	3.06	3.04	2.94
Emerging Markets and Developing Economies								
Argentina	1.57	5.70	4.15	4.29	3.09	3.55	1.96	1.82
Brazil	2.85	2.66	1.87	2.08	2.64	2.84	2.86	2.83
China	1.67	1.86	1.84	1.73	1.63	1.59	1.59	1.56
India	5.88	9.23	7.94	6.54	4.81	1.72	N.A.	N.A.
Indonesia	2.32	2.34	2.64	2.64	2.15	1.96	2.04	2.08
Mexico	2.60	2.20	2.56	2.05	2.08	2.08	2.00	1.98
Russia	8.38	8.83	8.16	6.10	5.51	N.A.	N.A.	N.A.
South Africa	3.12	3.89	5.18	4.45	N.A.	N.A.	N.A.	N.A.
Thailand	2.68	3.13	3.23	3.11	2.84	2.76	2.84	N.A.

Note: N.A. – Data not available.
Source: Financial Soundness Indicator, IMF.

significant provisions to cover bad loans and better preparedness to handle defaults. Notwithstanding some moderation in Q1:2024, US banks continued to have the highest PCR across AEs (Chart II.5a). In the Euro area, Ireland, which had a history of high NPLs before 2018, has been building provisioning buffers. Among EMDEs, banks in Brazil maintained a high PCR amidst an improvement in asset quality (Chart II.5b).

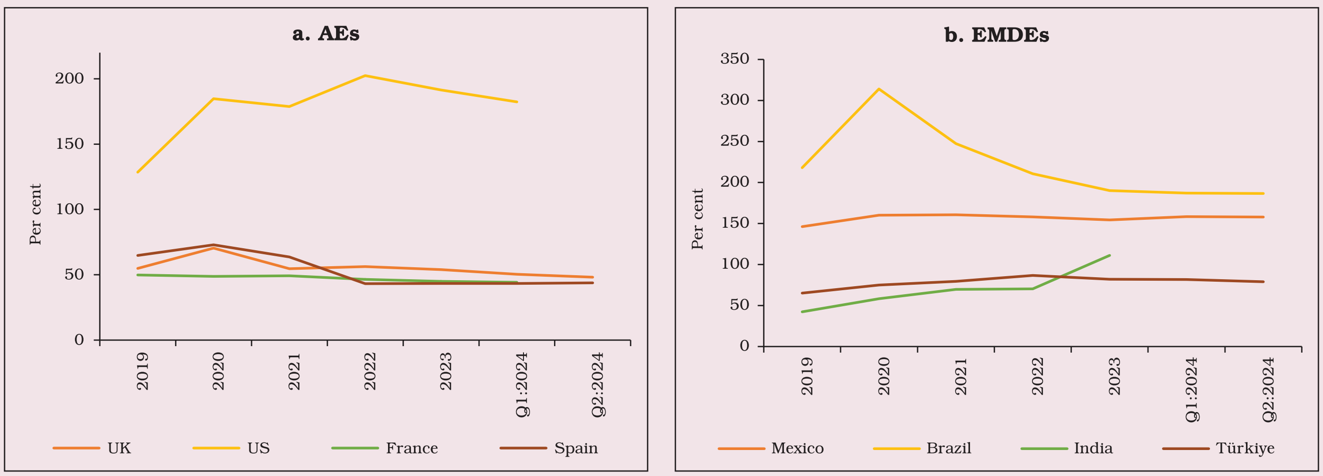
4.3 Bank Profitability

II.38 The profitability [return on assets (RoA)] of banks across most jurisdictions showed mixed movements in response to higher interest rates. In some countries, such as the US and Türkiye, banks' profitability moderated as high policy rates increased their borrowing costs while also impacting credit demand (Chart II.6a and b). In some other jurisdictions, however, banks' profitability increased due to a variety of reasons. For example, the RoA of UK banks improved in 2023 on higher net interest income (NII), reduced provisions and moderate cost escalations[32]. In the Euro area, Greece's rating upgrade helped reduce the borrowing costs for its banks, boosting their profitability[33]. Ireland experienced a notable increase in profitability in 2023, driven by improved margins on loans pegged to policy rates[34].

4.4 Capital Adequacy

II.39 In the first half of 2024, banks further strengthened their financial positions, maintaining capital ratios well above regulatory norms. Among AEs, the Scandinavian countries like Norway and Denmark continued to maintain higher capital buffers than their peers. The capital to risk-weighted assets ratio (CRAR) of US banks improved in 2023 and Q1:2024. The ratio of UK banks remained elevated,

Chart II.5: Provision Coverage Ratio
(NPL provisions as a per cent of non-performing loans)



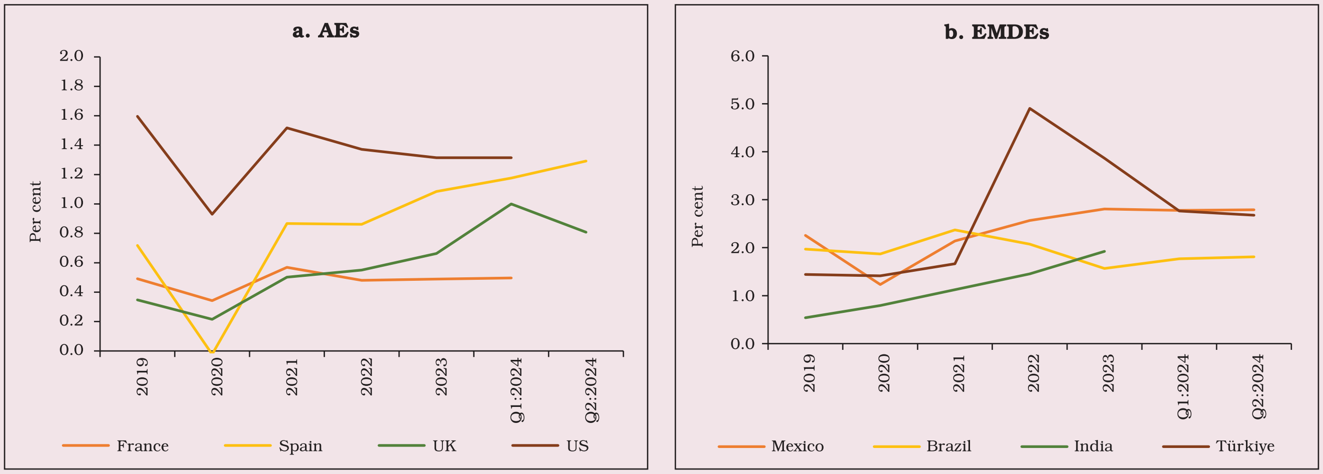
Source: Financial Soundness Indicators, IMF.

32 https://www.fitchratings.com/research/banks/major-uk-banks-profitability-to-remain-strong-despite-lower-net-interest-income-27-02-2024

33 Financial Stability Review (2024). Central Bank of Greece, April.

34 Financial Stability Review (2024). Central Bank of Ireland, June.

Chart II.6: Return on Assets



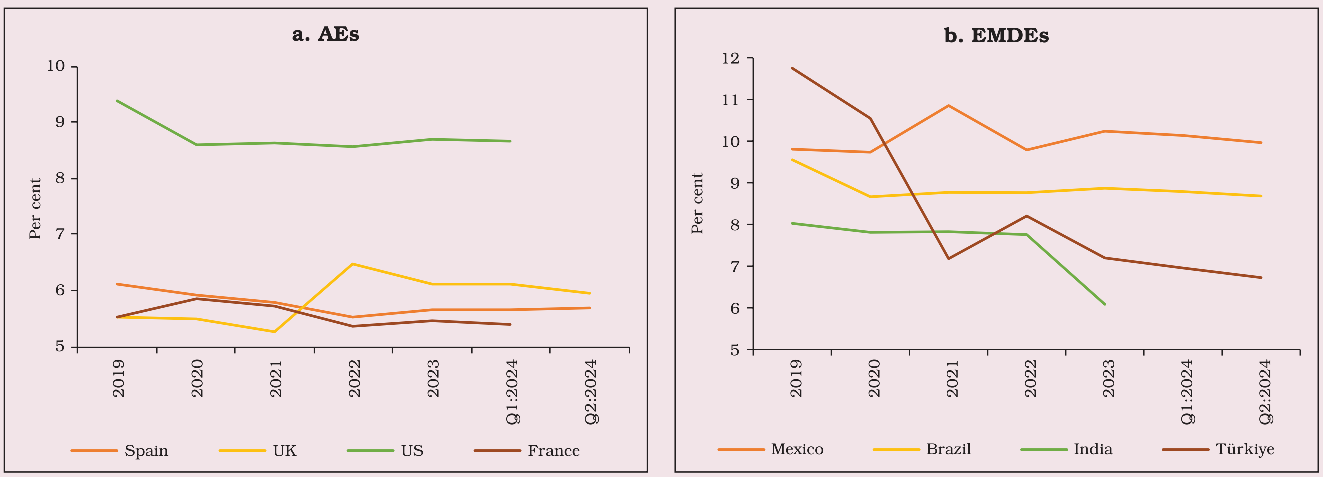
Source: Financial Soundness Indicators, IMF.

notwithstanding the recent moderation. Euro area countries displayed varying trends, with Spain exhibiting improving capital buffers in Q2:2024. The CRAR of banks in the Netherlands and Belgium declined but remained comfortably above regulatory requirements. In EMDEs, Argentina's CRAR increased dramatically in the post-pandemic period, reflecting substantial capital accumulation in response to economic challenges[35] (Table II.2).

4.5 Leverage Ratio

II.40 Leverage ratio measures the proportion of a bank's Tier 1 capital to its total assets, serving as a safeguard against excessive risk exposure. In H1:2024, banks in most countries maintained leverage ratios well above the minimum Basel III requirement of 3 per cent. Among AEs, the US maintained the highest leverage ratio, hovering above 8.5 per cent (Chart II.7a). Canadian banks have a leverage

Chart II.7: Leverage Ratio
(Regulatory Tier 1 capital as a per cent of total assets)



Source: Financial Soundness Indicators, IMF.

[35] https://www.elibrary.imf.org/view/journals/002/2024/167/article-A001-en.xml

Table II.2: Regulatory Capital to Risk-weighted Assets Ratio

(Per cent)

Country	2015	2019	2020	2021	2022	2023	Q1:2024	Q2:2024
1	2	3	4	5	6	7	8	9
Advanced Economies								
Australia	13.80	15.70	17.56	17.87	17.80	19.95	20.40	N.A.
Canada	14.20	15.34	16.10	17.17	17.36	17.14	17.20	16.79
Denmark	19.19	22.47	23.29	22.87	22.56	23.47	23.43	23.13
Norway	18.94	24.19	24.80	25.02	25.88	24.66	25.03	25.05
UK	19.61	21.25	21.61	22.05	21.43	21.27	21.01	21.21
US	14.14	14.65	16.28	16.39	15.54	15.90	16.06	N.A.
Euro Area								
Belgium	18.69	18.75	20.34	20.44	20.05	19.61	19.22	N.A.
Greece	16.52	17.02	16.66	15.23	17.46	18.75	18.88	18.84
Ireland	27.49	24.97	25.47	25.53	27.80	26.52	27.73	27.69
Netherlands	20.11	22.86	22.79	22.34	20.94	21.08	20.62	20.40
Spain	14.66	15.91	16.98	17.43	16.68	17.12	17.15	17.21
Emerging Markets and Developing Economies								
Argentina	13.28	17.49	24.19	26.20	29.86	32.51	39.46	37.06
Brazil	16.44	19.42	19.09	18.42	17.52	17.90	17.64	17.51
China	13.45	14.64	14.70	15.13	15.17	15.06	15.43	15.53
India	12.68	15.42	15.59	14.79	15.82	15.59	N.A.	N.A.
Indonesia	18.86	21.59	22.14	24.02	24.13	25.84	24.29	24.44
Mexico	14.96	15.98	17.70	19.53	19.00	18.81	19.49	19.29
Russia	12.70	12.33	12.55	12.35	N.A.	N.A.	N.A.	N.A.
South Africa	14.20	16.58	16.58	18.11	N.A.	N.A.	N.A.	N.A.
Thailand	17.11	19.35	19.75	19.58	18.89	19.58	19.56	N.A.

Note: N.A. – Data not available.
Source: Financial Soundness Indicators, IMF.

ratio consistently below 5 per cent. Typically, the regulatory requirements for capital are higher in EMDEs, prompting them to maintain higher leverage ratios than those in AEs (Chart II.7b). Argentinian banks invested heavily in low-risk assets, such as government securities (G-secs), which boosted their core capital and, in turn, their leverage ratio[36].

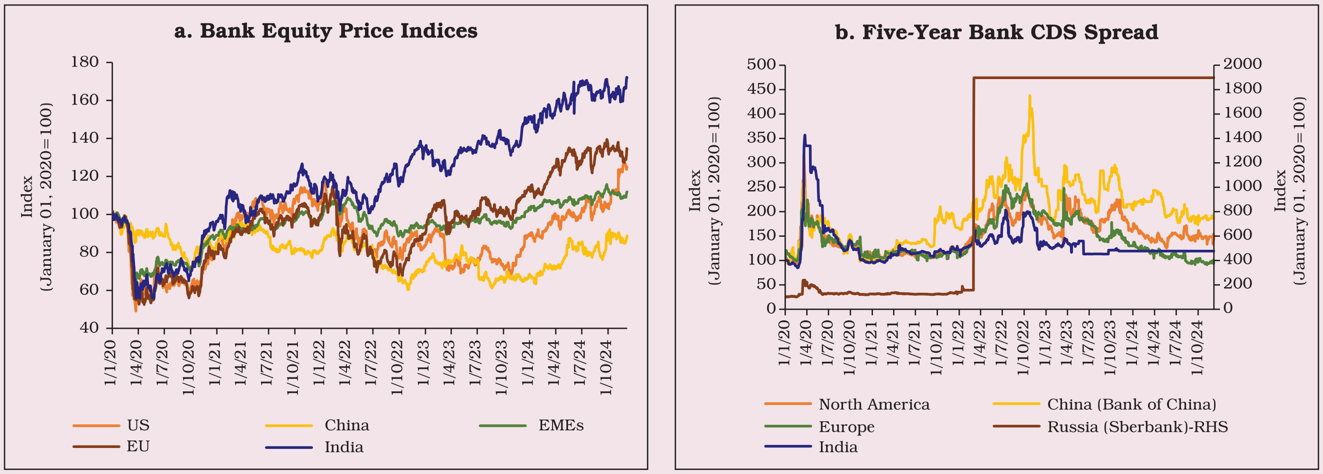
4.6 Financial Market Indicators

II.41 Global banking stocks suffered losses in H1:2023, following the banking crisis in March 2023. However, swift policy intervention limited systemic spillovers and helped calm the markets. US and EU banking stocks experienced steady gains, particularly from Q4:2023 onward, reflecting improved market conditions and economic stability (Chart II.8a).

II.42 Banks' credit default swap (CDS) spreads provide insights into the perceived credit risk of financial institutions, reflecting market sentiment about the likelihood of default. The CDS market has evolved significantly post-GFC, marked by widespread adoption of standardised coupons, increased reliance on CCPs, introduction of upfront premiums, and growing popularity of CDS indices[37]. Following the peak in 2022, driven largely by geopolitical

[36] https://www.fitchratings.com/research/sovereigns/argentine-banks-capitalization-mitigates-central-government-exposure-28-02-2023
[37] https://www.federalreserve.gov/econres/feds/files/2022023pap.pdf

Chart II.8 Market-based Indicators of Banks' Health



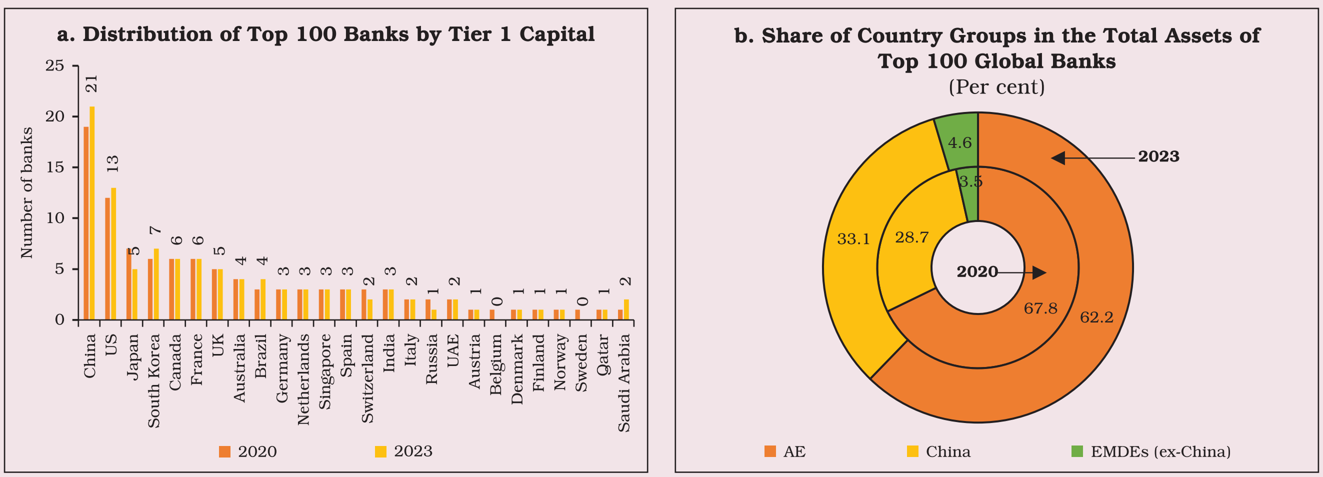
Source: Refinitiv Datastream.

tensions and economic uncertainties, CDS spreads have generally narrowed, reflecting improved market sentiment. However, Russia's CDS spreads remain an outlier since 2022, while China's spreads have stayed elevated relative to other regions, influenced by economic challenges and concerns about financial sector stability (Chart II.8b). These variations indicate that while global markets have regained some confidence, region-specific risks still linger.

5. World's Largest Banks

II.43 The number of AEs' banks in the top 100 global banks by Tier 1 capital has been decreasing since the GFC, while the number of Chinese banks has increased and stabilised at 21 in 2023 (Chart II.9a). Commensurately, the share of Chinese banks in the total assets of top 100 global banks has increased, while the share of AEs has decreased (Chart II.9b). On the other hand, the AEs' banks shifted their

Chart II.9: Distribution of the Top 100 Global Banks by Tier 1 Capital



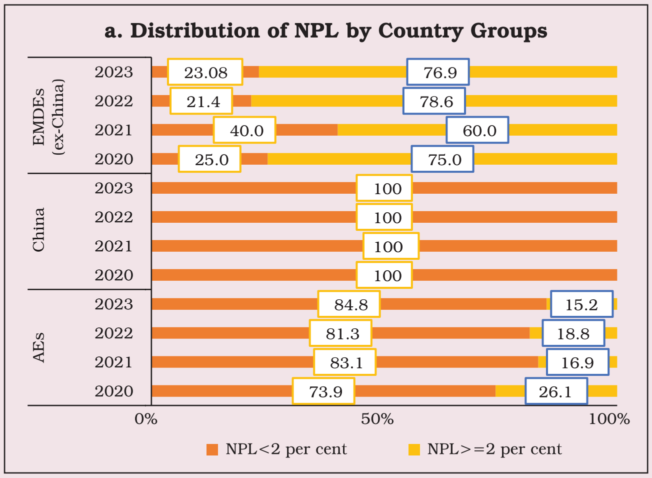
Source: Banker Database, Financial Times.

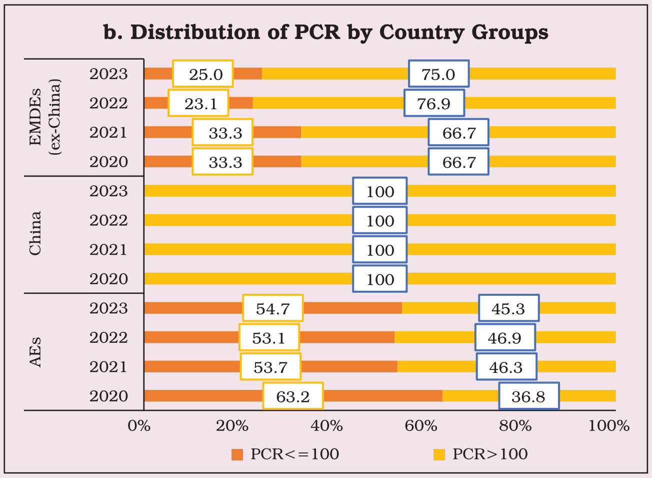
focus to their local markets and reduced their presence in international markets to control risk exposures[38].

II.44 The asset quality of large global banks is improving. The proportion of banks with NPL ratios greater than or equal to 2 per cent decreased in 2023 as compared to 2022, particularly in AEs and EMDEs (excluding China). Meanwhile, all Chinese banks appearing in the top 100 global banks list consistently maintained their NPL ratios below 2 per cent (Chart II.10a). Additionally, the PCR of Chinese banks in the top 100 banks remained above 100 per cent, indicating greater financial resilience. The share of banks that had PCRs above 100 per cent marginally moderated to 75 per cent in EMDEs and 45.3 per cent for AEs in 2023 from 76.9 per cent and 46.9 per cent, respectively, in 2022 (Chart II.10b).

II.45 CRARs greater than or equal to 16 per cent was the modal class of capital adequacy for AE and EMDE banks; for the Chinese banks, it was lower – between 12 to 14 per cent (Chart II.11a). A leverage ratio (LR) in the range of 6 to 8 per cent is generally considered prudent and this category remained the modal class for the Chinese banks. EMDE banks had bi-modal leverage ratio distribution, while that of AE banks was in the range of 4 to 6 per cent (Chart II.11b). Soaring interest income, on the back of monetary policy tightening, helped strengthen the profitability of global banks in both AEs and EMDEs in 2023. In comparison, fewer Chinese banks reported RoAs in the range of one to two per cent (Chart II.11c). Operational efficiency is one of the major pillars of banks' soundness, with the cost-to-income ratio (CIR) serving as a representative indicator. Over 95 per cent of Chinese banks have a CIR below 50 per cent, suggesting higher operational efficiency than banks in other EMDEs and AEs (Chart II.11d).

Chart II.10: Asset Quality of the Top 100 Global Banks

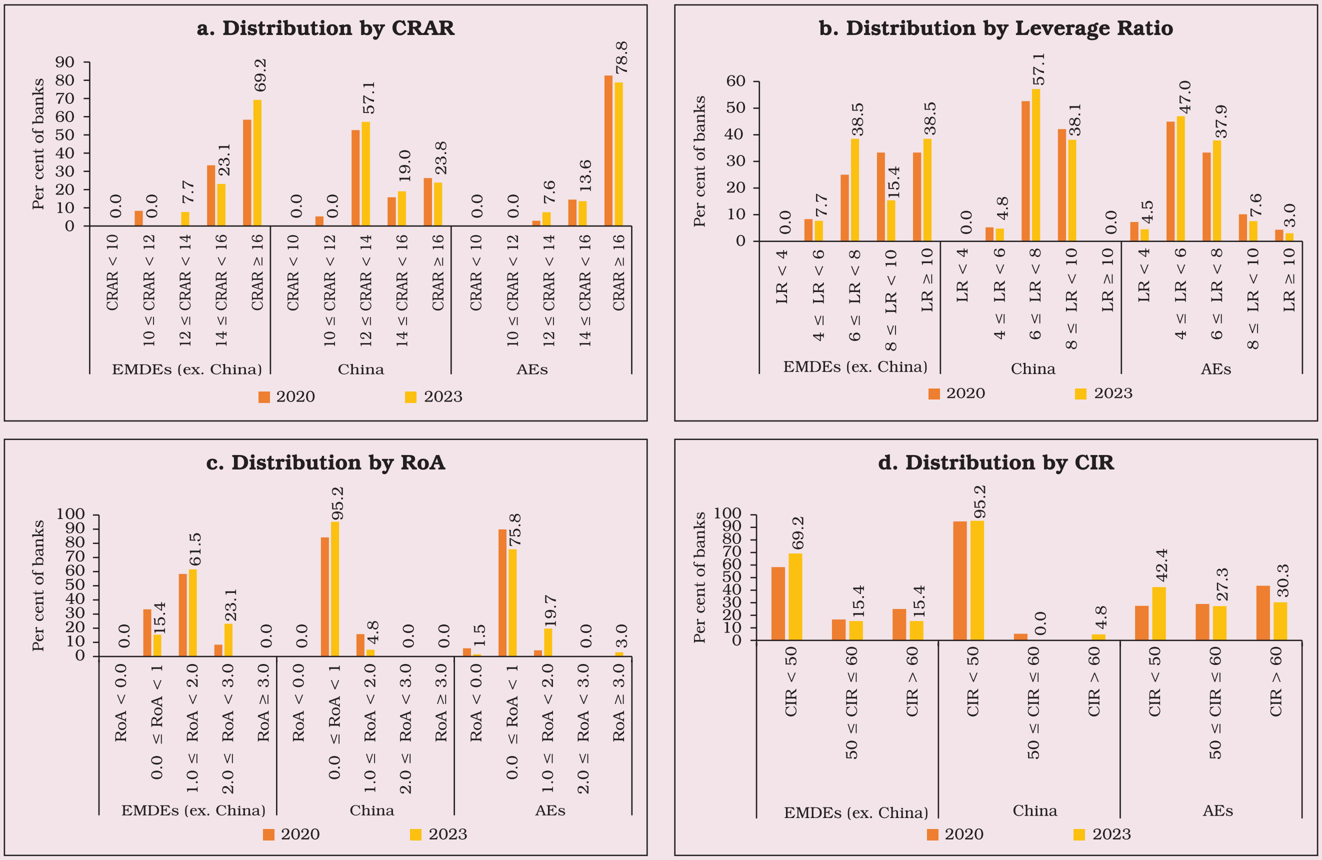




Note: Data in legends indicate per cent share of banks in total.
Source: Banker Database, Financial Times.

[38] https://www.mckinsey.com/industries/financial-services/our-insights/a-decade-after-the-global-financial-crisis-what-has-and-hasnt-changed

Chart II.11 Soundness of the Top 100 Global Banks



Source: Banker Database, Financial Times.

6. Overall Assessment

II.46 As the global economy heads towards a soft landing with inflation approaching targets, monetary authorities in several economies have started easing cycles, while some remain in a tightening mode and others are on hold. The financials of the global banking sector remain healthy despite some moderation in credit growth and profitability. Prudent and proactive financial regulation and supervision remain essential to support monetary policy efforts to maintain financial stability while supporting growth.

III POLICY ENVIRONMENT

In India, the monetary policy stance was changed from 'withdrawal of accommodation' to 'neutral' in October 2024. The regulatory and supervisory policies of the Reserve Bank focused on strengthening risk management practices, harmonisation of prudential guidelines and addressing emerging risks. The Reserve Bank continued its efforts to improve customer awareness and financial inclusion, while enhancing emphasis on good governance and transparency.

1. Introduction

III.1 The Indian financial system demonstrated sustained resilience during 2023-24 and 2024-25 against the backdrop of formidable global headwinds, benefitting from a stable macroeconomic environment and an agile regulatory and supervisory framework. The Reserve Bank remained vigilant about emerging risks in the financial sector while being mindful of the need to encourage innovations in the sector. Regulatory initiatives to address climate-related risks were strengthened. The Reserve Bank has been increasingly harnessing technology to improve cyber-resilience and reporting efficiency of regulated entities (REs).

III.2 Against this backdrop, the chapter briefly chronicles monetary and liquidity management measures of the Reserve Bank during 2023-24 and 2024-25 in Section 2, followed by an overview of regulatory and supervisory policy developments in Section 3. Policies pertaining to various technological innovations are covered in Section 4, while those related to financial markets are discussed in Section 5. Sections 6 and 7 review the policies related to consumer protection and credit delivery and financial inclusion, respectively. Initiatives for enhancing the scope and reach of the payments ecosystem in a safe and secure environment are set out in Section 8. The chapter concludes with an overall assessment in Section 9.

2. The Macroeconomic Policy Setting

III.3 Mindful of the persistence of inflation above the target, the monetary policy committee (MPC) kept the policy repo rate unchanged at 6.50 per cent during 2023-24 and 2024-25 (up to December 2024) after a cumulative hike of 250 basis points (bps) during 2022-23. On October 9, 2024, the MPC decided to change the monetary policy stance from 'withdrawal of accommodation' to 'neutral' based on its assessment of the evolving inflation-growth dynamics. Further, on December 6, 2024, to ease potential liquidity stress, and consistent with the neutral policy stance, the Reserve Bank decided to reduce the cash reserve ratio (CRR) of all banks to 4.0 per cent of net demand and time liabilities (NDTL) in two equal tranches of 25 bps each, effective fortnight beginning December 14 and December 28, 2024. CRR was, thus, restored to the level prevailing before the commencement of the policy tightening cycle in April 2022.

Developments during 2023-24

III.4 In sync with the monetary policy stance, system liquidity turned from surplus to deficit in 2023-24. The average daily net injection under the liquidity adjustment facility (LAF) stood at ₹485 crore in 2023-24 as against an average daily net absorption of ₹1.9 lakh crore in 2022-23. During 2023-24, average absorption under the standing deposit facility (SDF) at ₹0.90 lakh crore constituted 78 per cent of the average daily total absorption (₹1.16 lakh crore) under the LAF, while the remaining 22 per cent was absorbed through variable rate reverse repo (VRRR) auctions – both main and fine-tuning operations. Banks' recourse to the marginal standing facility (MSF) increased, with average daily borrowing of ₹0.50 lakh crore during 2023-24 as compared with ₹0.06 lakh crore during 2022-23.

III.5 The reversal of liquidity facilities under both SDF and MSF was allowed even during weekends and holidays, effective December 30, 2023 to provide banks greater flexibility in their operations. The incremental CRR (I-CRR) of 10 per cent on the increase in scheduled commercial banks' (SCBs') NDTL between May 19, 2023 and July 28, 2023, with effect from the fortnight beginning August 12, 2023, was discontinued in a phased manner to ensure that system liquidity was not subjected to sudden shocks and money markets functioned in an orderly manner.

III.6 The weighted average call rate (WACR) – the operating target of monetary policy – averaged 6.63 per cent in 2023-24 as compared with 5.39 per cent in 2022-23, reflecting the increase in the policy repo rate and the evolving liquidity conditions. Overnight rates in the collateralised segment moved in tandem with the WACR. In the term money segment, yields on 3-month commercial papers (CPs) for non-banking financial companies (NBFCs) firmed up, reflecting, *inter alia,* the regulatory measures announced by the Reserve Bank on November 16, 2023. Amidst sustained double-digit growth in bank credit, banks resorted to issuances of certificates of deposit (CDs). The yield on 3-month treasury bills (T-bills) remained stable in 2023-24. Medium to long-term bond yields, however, eased from their March 2023 levels, taking cues from domestic developments, notwithstanding the hardening of US treasury yields. On June 8, 2023 the Reserve Bank allowed SCBs [excluding small finance banks (SFBs) and payments banks (PBs)] greater flexibility in money market operations by permitting them to set their own limits for borrowings in the call and notice money markets within the prescribed prudential limits for interbank liabilities, with the approval of their internal boards.

Developments during 2024-25

III.7 The average daily net absorption under the LAF stood at ₹0.65 lakh crore during 2024-25 (up to December 17, 2024). While average daily absorption under the SDF and reverse repos was ₹1.3 lakh crore, the recourse under the MSF averaged ₹0.07 lakh crore.

III.8 The WACR remained aligned to the repo rate, averaging 6.54 per cent in 2024-25 (up to December 17, 2024), with overnight rates in collateralised segments moving in tandem. In the term money segment, the yield on 3-month T-bills softened due to improved liquidity in the banking system amidst lower market borrowing requirements. The yields on CPs issued by NBFCs and that on CDs remained relatively stable during 2024-25. Domestic bond yields eased further in 2024-25, reflecting positive sentiment following the inclusion of Indian government securities (G-secs) in the global bond index and reduced market borrowing requirements budgeted by the central government for 2024-25. Global factors like easing of US treasury yields and decline in crude oil prices also contributed to the easing of domestic yields.

3. Regulatory and Supervisory Policies

3.1 Operational Risk Management and Operational Resilience

III.9 On April 30, 2024 the Reserve Bank issued a guidance note on operational risk management and operational resilience to align with principles of the Basel Committee on Banking Supervision (BCBS). It provides overarching guidance to REs to strengthen their operational risk management framework and enhance their operational resilience to enable them to conduct critical operations even during disruption. The guidance note has been built on three pillars *viz.*, prepare and protect; build resilience; and learn and adapt. Across these three pillars, the note contains 17 principles. The guidance note has addressed areas such as three lines of defence, change management, mapping of interconnections and interdependencies, third party dependencies and information and communication technology (ICT) risk while explicating the concept of operational resilience. The earlier guidance was applicable to SCBs only, while the latest guidance covers all commercial banks, certain co-operative banks, all India financial institutions (AIFIs) and all NBFCs, including housing finance companies (HFCs).

3.2 Fraud Risk Management

III.10 On July 15, 2024 the Reserve Bank issued master directions on fraud risk management for REs[1]. The revised directions are principle-based and strengthen the role of the board in overall governance and oversight of fraud risk management. The framework on early warning signals (EWS) and red flagged accounts (RFAs) has further been strengthened for early detection and prevention of frauds, and timely reporting to law enforcement agencies (LEAs) and supervisors. The directions now expressly require REs to ensure compliance with the principles of natural justice in a time-bound manner.

3.3 Management of Model Risks in Credit

III.11 On August 5, 2024 the Reserve Bank issued a draft circular to ensure prudence and robustness in the use of various models by REs in their credit management. While the application of technology in the models facilitates faster decision-making, it adds complexity to the model risk management framework. As per the draft circular, the models used by REs may either be developed internally or sourced from external third-party suppliers or can be a mix of both as per the provisions of the policy. REs need to adhere to broad principles including, *inter alia*, clarity in objectives, robust assumptions, detailed documentation, scalability and flexibility of models, and consistent and

[1] Commercial banks (including regional rural banks) and all India financial institutions; co-operative banks (urban co-operative banks, state co-operative banks and district central co-operative banks); and all non-banking finance companies in the upper layer, middle layer and base layer (with asset size of ₹500 crore and above), including housing finance companies.

verifiable outcomes. REs will be ultimately responsible and accountable for the integrity and outcomes of the outsourced models. Further, REs will be required to put in place a model vetting / validation process, independent of model development / selection, for assessing the robustness of models developed in-house or otherwise.

3.4 Regulatory Measures towards Consumer Credit and Bank Credit to NBFCs

III.12 Post-COVID, growth in consumer credit, especially the unsecured portfolio, accelerated substantially. The increasing dependency of NBFCs on bank borrowings was enhancing the interconnectedness. Although these loan categories did not exhibit any major signs of stress, persistent high growth in these segments warranted prudential intervention. Accordingly, the Reserve Bank increased the risk weights by 25 percentage points on consumer credit exposure of commercial banks and NBFCs, credit card receivables of SCBs and exposures of SCBs to NBFCs, excluding core investment companies, on November 16, 2023. Furthermore, REs were advised to review their exposure limits for consumer credit and put in place board-approved limits for the various sub-segments, specifically unsecured consumer credit exposures, by February 29, 2024.

3.5 Bulk Deposits

III.13 On June 07, 2024 the Reserve Bank revised the definition of bulk deposits to single Rupee term deposits of ₹3 crore and above for SFBs and SCBs [excluding regional rural banks (RRBs)]; and single Rupee term deposits of ₹1 crore and above for local area banks (LABs) and RRBs. Earlier, on January 1, 2024 the Reserve Bank had also enhanced the bulk deposit limit for Tier 3 and 4 scheduled urban co-operative banks (UCBs) to ₹1 crore and above from ₹15 lakh and above.

3.6 Voluntary Transition of Small Finance Banks to Universal Banks

III.14 On April 26, 2024 the Reserve Bank issued eligibility criteria for SFBs to transition into universal banks. The eligibility criteria require SFBs to have scheduled status with a satisfactory track record of performance for a minimum period of five years. Further, SFBs' shares should be listed on a recognised stock exchange. These SFBs are also required to have a minimum net worth of ₹1,000 crore at end of the previous quarter and meet their prescribed capital to risk-weighted assets ratio (CRAR) of 15 per cent. Moreover, they are mandated to have net profits in the preceding two financial years with gross non-performing assets (GNPA) and net non-performing assets (NNPA) ratios of less than or equal to 3 percent and 1 per cent, respectively. The eligible SFBs are also required to furnish a detailed rationale for the transition.

3.7 Credit Card and Debit Card

III.15 On March 07, 2024 the Reserve Bank amended its master direction on credit and debit cards to align the extant regulations governing the issue of credit and debit cards with the fast -changing card ecosystem. General permission has been provided to all banks and NBFCs[2] registered with the Reserve Bank to become co-

[2] NBFCs- investment and credit companies (NBFC-ICC), housing finance companies (HFCs) , NBFCs-Factors, NBFCs- micro finance institution (NBFC-MFI) and NBFCs-infrastructure finance companies (NBFC-IFCs).

branding partners (CBPs) of card-issuers. Other changes, *inter alia*, include permission to issue form factors[3] for credit cards, mandating card issuers to display the modes authorised by them for accepting payments towards credit card dues, and to monitor the end use of funds for business credit cards. The extant regulations have also been strengthened in respect of wrongful billing, sharing of customer information, and advising card issuers to ensure that any debit to the credit card account is as per the authentication framework prescribed by the Reserve Bank.

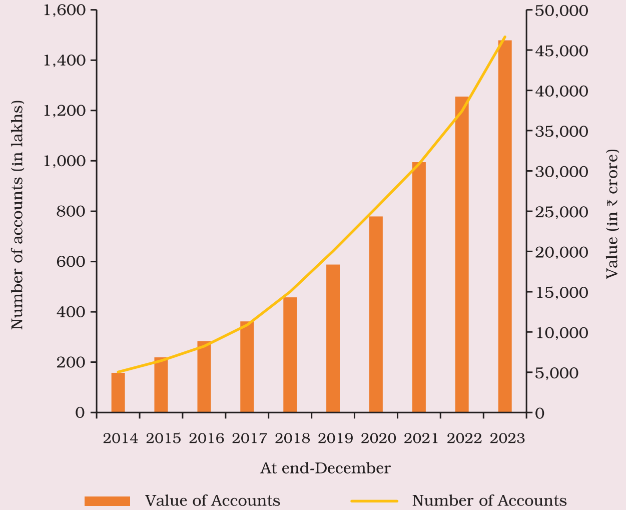
3.8 Arrangements with Card Networks for issue of Credit Cards

III.16 The authorised card networks tie-up with banks/non-banks for issuance of credit cards. It was observed that some of these exclusive tie-ups constrained choices of network for the customers. On March 06, 2024 therefore, the Reserve Bank directed that card issuers should not enter into any arrangement or agreement with card networks that restrain them from availing the services of other card networks. Card issuers with more than 10 lakh active cards should provide an option to their eligible customers to choose from multiple card networks at the time of issue.

3.9 Unclaimed Deposits in Banks

III.17 As per the extant instructions, the credit balance in any deposit account maintained with banks which has not been operated upon for ten years or more or any amount remaining unclaimed for ten years or more, is required to be transferred by banks to the Depositor Education and Awareness (DEA) Fund maintained by the Reserve Bank. Since 2014, the volume of unclaimed deposits has been increasing continuously (Chart III.1). To reduce the quantum of unclaimed deposits in the banking system and return such deposits to their rightful owners or claimants, comprehensive revised guidelines for inoperative accounts/ unclaimed deposits in banks were issued on January 1, 2024. The major changes made in the revised instructions include, *inter alia*, video-customer identification process for activating inoperative accounts, considering certain non-financial transactions and know your customer (KYC) updation as customer induced transaction for keeping the account active, facility of activating inoperative account in all branches including non-home branches in a time-bound manner and prohibiting debit transactions in inoperative accounts unless there is a customer induced activation. In this regard, launch of Unclaimed Deposits – Gateway to Access inforMation (UDGAM) portal by the Reserve Bank has

Chart III.1: Unclaimed Deposits with Scheduled Commercial Banks



Note: Data include regional rural banks.
Source: Statistical Tables Relating to Banks in India, RBI.

[3] Form factor is a physical or virtual instrument that can be used in place of a card to undertake a payment or banking transaction.

been bringing significant traction in assisting customers[4].

3.10 Interest Rate Ceilings on Foreign Currency Non-Resident (Bank) [FCNR(B)] Deposits

III.18 On December 6, 2024, the Reserve Bank increased the interest rate ceilings on FCNR(B) deposits in order to attract more capital inflows. Banks have been permitted to raise fresh FCNR(B) deposits of one year to less than three years maturity at rates not exceeding the ceiling of overnight alternative reference rate (ARR) plus 400 bps as against 250 bps earlier. For deposits of three to five years maturity, the ceiling has been increased to overnight ARR plus 500 bps as against 350 bps earlier. This relaxation has been made available till March 31, 2025[5].

3.11 Forms of Business and Prudential Regulation for Investments

III.19 On October 4, 2024, the Reserve Bank issued draft regulations on forms of business by banks to ringfence their core business from other risk bearing non-core businesses. As per the regulations, only a single entity within a bank group would be allowed to undertake a particular form of permissible business. Multiple entities within a bank group will not be allowed to undertake the same business. Further, no overlap in the lending activities undertaken by the bank and its group entities would be permitted. NBFC subsidiaries of banks will have to comply with scale-based regulations applicable to upper layer NBFCs and will be subject to regulatory and other restrictions on loans and advances applicable to banks. Additionally, it has been reiterated that a group entity shall not be used to circumvent regulations/guidelines applicable to the parent bank or other group entity to carry on any business activity which is not permitted otherwise.

3.12 Classification, Valuation and Operation of Investment Portfolios of Commercial Banks

III.20 In view of significant developments in the global standards on classification, measurement and valuation of investments, their implications on the capital adequacy framework as well as progress in the domestic financial markets, the prudential norms for the investment portfolios of banks were reviewed on September 12, 2023. The updated norms include principle-based classification of investment portfolios; tightening of regulations around transfers to/from the held to maturity (HTM) category and sales out of HTM; inclusion of non-statutory liquidity ratio (SLR) securities in HTM subject to fulfilment of certain conditions; removal of ceilings on HTM; symmetric treatment of fair value gains and losses; a clearly identifiable trading book under held for trading (HFT); removing the 90-day ceiling on the holding period under HFT; and more detailed disclosures of the investment portfolio. An analysis of investment portfolio composition of banks pursuant to the implementation of the new guidelines reveals that while the HTM portfolio remains largely unchanged, there has been an increase in the HFT portfolio and a reduction in the available for sale (AFS) portfolio (Box III.1).

[4] The Reserve Bank launched a centralised web portal – UDGAM on August 17, 2023 for the public to facilitate searching of their unclaimed deposits across multiple banks at one place.

[5] Reserve Bank of India (2024). Statement on Developmental and Regulatory Policies, December 6.

Box III.1: New Investment Guidelines: Analysis of the Investment Portfolio of Banks

The average share of the HTM category in the total investment portfolios of select SCBs [12 public sectors banks (PSBs); 14 private sector banks (PVBs); and 5 foreign banks (FBs)] during Q3:2022-23 to Q4: 2023-24 was 64.5 per cent. Since the adoption of the new guidelines, it has largely remained in the same range – 63.6 per cent at end-June 2024. On the other hand, the share of AFS, which was the residual category as per the old guidelines and had an average share of 33.7 per cent, has reduced to 22.8 per cent, mainly reflecting clarity on classification in the revised guidelines. The share of HFT category has increased from an average of 1.8 per cent under the old regime to 9 per cent under the new guidelines, which may be attributed to securities moving into HFT category due to the removal of 90-day holding ceiling, and better capturing of hedging benefits *via* derivatives (Chart III.1.1 a). Across bank groups, the share of AFS category has reduced as banks reallocated their portfolios to HTM and HFT categories. The increase in the share of HFT category was substantially higher in the case of PVBs and FBs than PSBs, partly reflecting differences in risk appetite and business practices (Chart III.1.1 b, c and d).

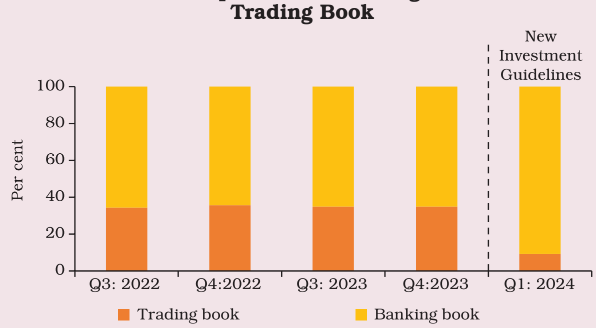
Chart III.1.1: Investment Portfolio of Banks

Source: RBI.

Banking Book and Trading Book for the Purpose of Capital Adequacy

Concomitant with the implementation of the revised investment norms from April 1, 2024, the definition of trading book for the purpose of computing capital charge for market risks was also revised in line with the BCBS standards[6]. With the AFS portfolio now being considered a part of the banking book along with the HTM portfolio for the purpose of computing the capital charge, the size of the banking book for capital adequacy computation purpose (HTM+AFS) has increased (Chart III.1.2).

Chart III.1.2: Comparison of Banking Book *vis-á-vis* Trading Book



Source: RBI.

6 The trading book for computation of capital charge for market risk which comprised of both AFS and HFT earlier has now been revised to include only HFT.

Box III.2: Disclosure Framework on Climate-related Financial Risks

Climate-related disclosures by REs are an important enabler for assessment and mitigation of climate-related risks. Currently, REs are required to disclose information on material risks as a part of their Pillar 3 disclosures. The draft framework aligns the disclosure standards to internationally accepted standards[7]. It requires REs to disclose information on various aspects of climate-related financial risks and opportunities based on four thematic pillars, *viz.*, governance; strategy; risk management; and metrics and targets. Some areas needed to be covered by REs under the four thematic pillars are outlined below:

Governance

- Board's oversight of climate-related risks and opportunities.
- Senior management's role in assessing and managing climate-related risks and opportunities.

Strategy

- Climate-related risks and opportunities over short, medium, and long term.
- Impact of climate-related risks and opportunities on REs' businesses, strategy, and financial planning.
- Resilience of REs' strategy, taking into consideration different climate scenarios.

Risk Management

- Processes and related policies to identify, assess, prioritise, monitor and manage climate-related financial risks.
- Integration of climate risk management with traditional risk management.

Metrics and Targets

- Metrics and targets used to assess climate-related financial risks and opportunities in line with their strategy and risk management processes.
- Scope 1, scope 2 and scope 3 greenhouse gas (GHG) emissions and the related risks.

As the disclosures are envisaged to develop alongside the overall ecosystem, a leeway in applicability and timeline for implementation has been provided. The disclosures are also required to be subjected to appropriate internal control assessments and reviewed by the board of directors or a committee of the board.

3.13 Disclosure Framework on Climate-related Financial Risks

III.21 Climate-related risks are envisaged to significantly impact REs, with implications for financial stability. A detailed, consistent and comparable disclosure framework for REs is crucial to develop competencies and structures for assessment and mitigation of climate change risks. On February 28, 2024 the Reserve Bank released a draft disclosure framework on climate-related financial risks to obtain comments or feedback from the stakeholders (Box III.2).

Non- Banking Financial Companies

3.14 Prudential Guidelines for Deposit taking Housing Finance Companies (HFCs-D)

III.22 HFCs-D were subject to relaxed prudential parameters on deposit acceptance as compared to NBFCs. Since the regulatory concerns associated with deposit acceptance are same across all categories of NBFCs, revised regulations were issued on August 12, 2024 to align the guidelines for HFCs with NBFCs. The minimum liquid assets which HFCs-D are required to maintain against public deposits, have been raised to 15 per cent from 13 per cent. The ceiling on quantum of public deposits held by HFCs-D has been reduced from 3 times to 1.5 times of their net owned funds. Further, HFCs-D holding deposits in excess of the revised limit will not be allowed to accept fresh public deposits or renew existing deposits till they conform to the revised limit. Existing excess deposits will be allowed to run off till maturity. The maximum term of public deposits of HFCs-D has also been reduced to 60 months

[7] Internationally accepted standards such as the International Financial Reporting Standard S2 climate-related disclosures and the BCBS's climate disclosure consultative document.

from 120 months and existing deposits with maturities above 60 months are required to be repaid as per their existing repayment profile. Additionally, through a separate circular, the risk weights applicable for some assets of HFCs were also reviewed and revised.

3.15 Wilful and Large Defaulters

III.23 The existing instructions on wilful and large defaulters were reviewed, and final master directions were issued on July 30, 2024. In addition to SCBs, scheduled UCBs, HFCs and AIFIs, the framework has been extended to NBFC-middle and above layers, non-scheduled urban co-operative banks (UCBs) in Tier 3 and 4, LABs and RRBs. The process of classification of wilful defaulters has been refined by introducing disclosure of all material and information on which the show cause notice is based, provision for written representation to a review committee against the order of identification committee, and provision for personal hearing for the borrower by the review committee. For early detection and identification of wilful default, a review of all NPA accounts with outstanding amount of ₹25 lakh and above within six months of their classification as NPA has been prescribed. The directions also provide clarity on the treatment of wilful default accounts after undergoing resolution under the insolvency and bankruptcy code (IBC) process or on loan assignment.

3.16 Harmonisation of Concentration Norms for NBFCs

III.24 Guidelines on the large exposures framework (LEF) are applicable to upper layer NBFCs (NBFC-UL). NBFCs in the middle layer (NBFC-ML) are, however, governed by credit or investment concentration norms. To ensure uniformity and consistency in computation of concentration norms among NBFCs, an amendment to the extant concentration norms was issued on January 15, 2024. In addition to the currently allowed credit default swaps (CDSs), the amendments allow use of additional instruments by NBFC-ML to offset the aggregate exposure[8]. NBFC-base layer (NBFC-BL) will now be required to put in place a board-approved internal policy for credit/investment concentration limits.

3.17 Information submission by Asset Reconstruction Companies (ARCs) to Credit Information Companies (CICs)

III.25 As per earlier guidelines, ARCs were stipulated to become a member of at least one CIC and provide credit information to the CIC of which they were a member. After a comprehensive review of the CIC-related guidelines applicable to ARCs, the Reserve Bank issued a circular regarding the submission of information to CICs by ARCs on October 10, 2024. This was done in order to align the CIC-related guidelines for ARCs with guidelines applicable for banks and NBFCs and to maintain a track of borrowers' credit history after loan transfers from banks and NBFCs to ARCs. The salient features of the circular include; (i) advising ARCs to become members of all four CICs; (ii) stipulating the submission of data by ARCs to CICs on a

[8] These include: a) cash margin/caution money/security deposit held as collateral on behalf of the borrower against the advances for which right to set off is available; b) central government guaranteed claims which attract 0 per cent risk weight for capital computation; c) state government guaranteed claims which attract 20 per cent risk weight for capital computation; d) guarantees issued under the Credit Guarantee Schemes of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) and individual schemes under National Credit Guarantee Trustee Company Ltd (NCGTC) subject to meeting certain conditions.

fortnightly basis or shorter intervals as agreed between the ARC and the CICs; (iii) prescription for rectification of rejected data within 7 days of receipt of rejected data from CICs; and (iv) extension of best practices regarding regular submission/ updation of data and customer grievance redressal to ARCs.

Co-operative Banks

3.18 Prompt Corrective Action (PCA) Framework for Primary (Urban) Co-operative Banks

III.26 On July 26, 2024 the Reserve Bank introduced a prompt corrective action (PCA) framework for UCBs, replacing the extant supervisory action framework (SAF). The framework, effective from April 1, 2025 will be applicable to all UCBs under Tier 2, Tier 3 and Tier 4 categories except UCBs under all-inclusive directions. Tier 1 UCBs, though not covered under the PCA framework, will be subjected to enhanced monitoring under the extant supervisory framework. The framework requires financially weak UCBs to initiate and implement remedial measures in a timely manner to restore their financial health. The first risk thresholds for initiating corrective action under the framework include CRAR below the regulatory requirement (up to 250 bps); NNPA ratio above 6.0 per cent but below 9.0 per cent; and net losses during two consecutive years.

3.19 Prudential Treatment of Bad and Doubtful Debt Reserve

III.27 Several co-operative banks have created bad and doubtful debt reserves (BDDRs) under the provisions of the respective State Co-operative Societies Acts or on prudential consideration, either by recognising an expense in the profit and loss (P&L) account or through appropriations from net profits. In case of appropriations from net profits, the same when used to net off NPAs is in contravention of the applicable accounting standards. Further, the treatment of BDDR varies across banks, and in many cases, has been found to be at variance with applicable regulatory norms. Accordingly, with a view to bringing uniformity in the treatment, revised instructions on BDDR were issued, which stipulated that with effect from financial year 2024-25, all regulatory provisions shall mandatorily be charged as an expense to the P&L account. Further, a revised treatment of the BDDR created till end-March 2024 out of appropriation from net profits, but which actually represents regulatory provisions, has also been specified as a one-time measure to facilitate transition to an accounting standard compliant approach.

3.20 Eligibility Norms for Inclusion of UCBs in the Second Schedule of the Reserve Bank of India Act, 1934

III.28 On January 17, 2024 the Reserve Bank revised eligibility norms for inclusion of UCBs in the second schedule of the Reserve Bank of India Act, 1934. In addition to the criteria specified by the Government of India in 2023, UCBs which have CRAR of at least 3 per cent more than the minimum regulatory requirement and no major regulatory and supervisory concerns will be considered for inclusion in the second schedule.

4. Technological Innovations

III.29 Central banks face a delicate balancing act of encouraging technological advancements in financial institutions while safeguarding them from vulnerabilities. To foster responsible innovation in financial services, promote efficiency and benefit consumers, the Reserve

Bank has established regulatory sandbox (RS), which allows live testing of new products or services in a controlled regulatory environment. So far, four cohorts – on themes retail payments, cross-border payments, MSME lending and prevention and mitigation of financial frauds– have been completed, wherein 90 products were tested, of which 19 products successfully exited the RS. The Reserve Bank also organises a long form global hackathon annually, called HaRBInger, to encourage development of technology driven innovative solutions for the existing challenges in financial sector. HaRBInger on 'Zero Financial Frauds' and 'Being Divyang Friendly' is currently ongoing.

4.1 FinTech and EmTech Repositories

III.30 On May 28, 2024 the Reserve Bank launched the FinTech repository, aimed at capturing essential information about FinTech entities, their activities and technology usage. Both regulated and unregulated FinTech entities are encouraged to contribute to the repository. An EmTech repository was also launched on the same day, which is focused on capturing information on adoption of emerging technologies [like artificial intelligence (AI), machine learning (ML), cloud computing, distributed ledger technology and quantum technology] by various REs. These repositories will enable a better understanding of developments in the FinTech ecosystem and support appropriate policy approach.

4.2 Self-regulatory Organisation (SRO) Framework for FinTechs

III.31 To encourage self-regulation in the FinTech sector, the Reserve Bank announced a framework for recognising self–regulatory organisations in FinTech sector (SRO-FT) on May 30, 2024. SROs will be responsible for formulating codes of conduct, monitoring compliance, and addressing grievances. The framework outlines the criteria for industry associations to be recognised as an SRO-FT, their scope of activities, responsibilities towards the Reserve Bank, and governance requirements. The framework also mandates SROs' functions, including standard-setting and developmental activities. FinTech Association for Consumer Empowerment has been recognised as an SRO-FT.

4.3 Platform for Regulatory Application, Validation And AutHorisation (PRAVAAH)

III.32 The Platform for Regulatory Application, Validation And AutHorisation (PRAVAAH) was launched on May 28, 2024. It is a secure and centralised web-based portal for any individual or entity to seek authorisation, licence or regulatory approval on any reference made by it to the Reserve Bank. It facilitates ease of doing business for REs and will reduce the turnaround time for processing, thereby bringing efficiency in regulatory processes.

4.4 Retail Direct Mobile Application

III.33 The RBI Retail Direct Scheme, launched in November 2021, enables individual investors to maintain gilt accounts with the Reserve Bank and invest in G-secs. To further improve ease of access and convenience for retail investors in G-secs market, an 'RBI Retail Direct' mobile application was launched on May 28, 2024. The mobile app has several user-friendly features including single sign-on facility that enables seamless navigation between primary and secondary market using single login credential.

5. Financial Markets

III.34 Financial markets support growth and development of an economy by facilitating efficient allocation of resources and sharing of risks. Developing safe and stable financial markets is a key policy objective of the Reserve Bank. The measures undertaken by the Reserve Bank during the period under consideration included, *inter alia*, rationalisation of directions on money market products; review of regulatory framework for hedging foreign exchange risks; mandating exchange of initial margin for non-centrally cleared derivative (NCCD) transactions; and putting in place a framework for recognition of SROs in financial markets. Additionally, direct access to the Negotiated Dealing System – Order Matching (NDS-OM) platform was expanded to include a larger set of REs.

5.1 Commercial Paper and Non-Convertible Debentures (NCDs) of Original or Initial Maturity up to One Year

III.35 The extant directions on CPs and NCDs of original or initial maturity up to one year were reviewed. The master directions, which came into force with effect from April 1, 2024, *inter alia,* rationalised the default handling procedures, standardised the issuance process and strengthened the disclosure requirement for CPs and NCDs. These revisions are expected to bring consistency across different money market products, benefitting issuers, investors and other participants.

5.2 Hedging of Foreign Exchange Risks

III.36 The regulatory framework for hedging of foreign exchange risks was revised in January 2024 which, *inter alia,* expanded the suite of permitted forex (FX) derivative products, refined the user classification framework, and consolidated the previous instructions in respect of all types of FX transactions – over-the-counter (OTC) and exchange traded – under a single master direction. This will enhance operational efficiency and ease access to foreign exchange derivatives, especially for users with small exposures. It will also enable a larger set of users with the necessary risk management capabilities to efficiently manage their risks.

5.3 Margin for Derivative Contracts

III.37 The extant directions allowed posting and collection of margins for permitted derivative contracts between a person resident in India and a person resident outside India. The directions were revised on May 8, 2024, to permit, *inter alia,* exchange of margins in India and outside India by applicable entities to enable implementation of the OTC derivative reforms on margin requirements for NCCDs. This aligns the Indian framework with global best practices. Indian banks are also permitted to post and collect margins for derivative transactions of their overseas branches and IFSC banking units (IBUs).

5.4 Reporting of FX Cash/Tom/Spot Transactions to Trade Repository

III.38 Authorised dealers are mandated to report all OTC foreign exchange derivative contracts and foreign currency interest rate derivative contracts, undertaken by them directly or through their overseas entities to the trade repository (TR) of Clearing Corporation of India Ltd. (CCIL). To ensure completeness of transactions data in TR for all foreign exchange instruments, the Reserve Bank on November 8, 2024 expanded the reporting requirement to include foreign exchange cash/tom/spot trades, in a phased manner. This measure will facilitate greater transparency and effective oversight of the foreign exchange markets.

6. Consumer Protection

III.39 The Reserve Bank's policy initiatives on consumer protection are aimed at protection of customers' rights, enhancing the quality of customer service, spreading awareness, and strengthening the grievance redress mechanism in banks and in the Reserve Bank. As a part of the consumer awareness initiatives, the Reserve Bank has been undertaking several initiatives, including publishing posters and short films, spreading awareness through financial literacy weeks and setting up Centres for Financial Literacy (CFLs) and Financial Literacy Centres (FLCs). Continuing the booklet series, the Reserve Bank published 'The Alert Family' in 2024, which unlike the earlier booklets, goes beyond financial frauds and provides guidance to the public on dealing with various banking services and facilities.

6.1 Internal Ombudsman (IO) for Regulated Entities

III.40 On December 29, 2023 the Reserve Bank issued master direction harmonising the instructions applicable to various REs in the IO mechanism. This has brought uniformity in matters like timeline for escalation of complaints to the IO, exclusions from escalating complaints to the IO, temporary absence of the IO, minimum qualifications for appointing the IO and updation of reporting formats, in addition to introduction of the post of Deputy Internal Ombudsman. These instructions are expected to further strengthen the mechanism by enabling a review by an apex level authority within the RE before rejection of customer complaints, besides providing ease of compliance.

7. Credit Delivery and Financial Inclusion

III.41 The National Strategy for Financial Inclusion (NSFI) 2019-24 outlines the vision and primary goals of India's financial inclusion and financial literacy policies, aiming to broaden their impact while maintaining momentum through comprehensive collaboration among all stakeholders in the financial sector. Over the five years, the strategy has catalysed deepening of financial inclusion for individuals and enterprises in the country with increased emphasis on proliferation and adoption of digital financial services.

7.1 Lending to Micro and Small Enterprises (MSEs)

III.42 On June 11, 2024 the Reserve Bank updated master directions on lending to micro, small and medium enterprises (MSMEs), mandating that the time taken for credit decisions for loans up to ₹25 lakh to MSE borrowers should not be more than 14 working days. For loans above this limit, the timelines shall be as per the board-approved sanction time norms.

III.43 Further, the MSE clusters have now been defined as those identified by the Ministry of MSME, Government of India or respective state governments. The guidelines provide an indicative list of activities that constitute credit linkage such as assessing the credit needs of MSE units within these clusters and either directly meeting their credit requirements or facilitating their linkage with other banks in the area for credit proposals.

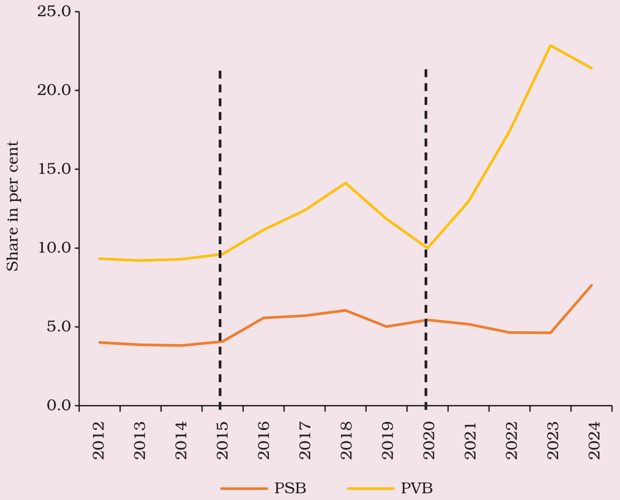
7.2 Collateral-free Agriculture Loan – Enhancement of Limit

III.44 Keeping in view the rise in agricultural input costs and overall inflation, the Reserve Bank, on December 6, 2024, announced an increase in the limit for collateral-free agriculture loans from ₹1.6 lakh to ₹2 lakh per borrower to further enhance credit availability for small and marginal farmers.

7.3 Priority Sector Lending (PSL)

III.45 On July 1, 2015 the Reserve Bank had expanded the ambit of PSL norms to include loans up to ₹15 crore to borrowers for purposes like solar-based power generators, biomass-based power generators, wind mills, micro-hydel plants and for non-conventional energy (NCE) based public utilities, *viz.*, street lighting systems, and remote village electrification. The limit was subsequently raised from ₹15 crore to ₹30 crore per borrower on September 4, 2020. These policy interventions, in conjunction with other policies, have boosted lending to the NCE sector (Chart III.2 and Box III.3).

Chart III.2: Share of Credit to NCE Sector in Total Credit to Energy (Electricity, Gas, and Water)



Note: Data pertain to end-March.
Source: Basic Statistical Returns, RBI.

Box III.3: Bank Lending to the Non-Conventional Energy Sector

An impact analysis of the Reserve Bank's policy initiatives in the NCE sector is carried out in a panel regression framework using bank-wise quarterly data from December 2014 to December 2023.

$$Y_{it} = \beta_0 + \beta_1 Y_{it-1} + \beta_2\, GNPA_{NCE\,it-1} + \beta_3\, Policy_t + \beta_4\,(Policy_t * Bank\ Group_{it}) + \beta_5\, CDR_{it} + \beta_6 GDPgrowthrate_{t-1} + \epsilon_{it}$$

where the dependent variable (Y_{it}) is the share of bank *i's* credit to NCE in total credit to the energy sector in quarter *t*; $GNPA_{NCE\,it-1}$ is bank *i's* GNPA ratio in the NCE sector in quarter *t-1*; the dummy variable $Policy\,2015_t$ takes value 1 for Q2: 2015-16 to Q1:2020-21 and zero otherwise; the dummy variable $Policy\,2020_t$ takes the value 1 for Q2:2020-21 to Q3: 2023-24 and zero otherwise; $Policy_t * Bank\ Group_{it}$ is the interaction term between the policy dummies and bank group dummy (0 for PSBs, 1 for PVBs); CDR_{it} is bank *i's* credit-to-deposit ratio in quarter *t*; $GDPgrowthrate_{t-1}$ is one quarter lagged nominal GDP growth rate, which is included as a macroeconomic control.

Positive and statistically significant coefficients of dummy variables across specifications suggest that both the policy interventions were associated with an increase in the share of credit to the NCE sector in total credit for energy (Table III.3.1). The 2015 policy intervention was effective for PSBs, whereas the 2020 policy helped in

Table III.3.1: Regression Results

	Dependent variable (Y) = Share of Bank Credit to Non-Conventional Energy Sector in Total Energy Sector Credit (NCE / TEC)		
Variables	(1)	(2)	(3)
NCE /TEC (L1)	0.825***	0.802***	0.801***
	(0.0613)	(0.0536)	(0.0541)
NCE GNPA Ratio (L1)	-0.0139	-0.0255	-0.0249
	(0.0281)	(0.0297)	(0.0293)
Policy 2015	0.0079	0.0069**	0.0069**
	(0.0064)	(0.0029)	(0.0029)
Policy 2020	0.0219**	0.0007	0.0011
	(0.0090)	(0.0050)	(0.0047)
Policy 2015 * PVB		0.0045	0.0044
		(0.0100)	(0.0100)
Policy 2020 * PVB		0.0406**	0.0406**
		(0.0158)	(0.0158)
Credit to Deposit Ratio		0.0007	0.0007
		(0.0008)	(0.0008)
GDP Growth Rate (L1)			0.0002
			(0.0003)
Constant	0.0202*	-0.0298	-0.0317
	(0.0114)	(0.0678)	(0.0659)
Observations	1,095	1,095	1,095
R-squared	0.688	0.693	0.693
Number of Banks	33	33	33
Bank Fixed Effects	Yes	Yes	Yes

Notes: 1) Robust standard errors in parentheses.
2) *** p<0.01, ** p<0.05, * p<0.1
3) In models 2 and 3, PSB is the base category; the coefficients of policy variables (*viz.*, Policy 2015 and Policy 2020), therefore, represent the policy impact on PSBs' credit to the NCE sector.

Source: RBI staff estimates.

(Contd.)

increasing PVBs' lending to the NCE sector (Model 2). The regression results remain robust even after controlling for macroeconomic influences (Model 3). Thus, the priority sector policy modulations have encouraged credit flows to the NCE sector. It, however, needs to be recognised that this phase also saw significant policies and incentives by the government to promote green energy sources. The results reflect the combined impact of various policy measures and incentives.

Reference:

Polzin, F., Migendt, M., Täube, F. A., and von Flotow, P. (2015). Public Policy Influence on Renewable Energy Investments—A Panel Data Study across OECD Countries. *Energy Policy*, Vol. 80, 98-111.

8. Payment and Settlement Systems

III.46 The Reserve Bank has been a pioneer in establishing various technology-based solutions for improvement of the payment and settlement system infrastructure, coupled with the introduction of innovative payment products. The global reach of unified payments interface (UPI), India's fast payment system (FPS), is steadily growing through partnerships with various countries.

8.1 Cyber Resilience and Digital Payment Security Controls for Non-Bank Payment System Operators (PSOs)

III.47 On July 30, 2024 the Reserve Bank issued directions to non-bank PSOs, aimed at enhancing their information security preparedness and cyber resilience. The directions will be applicable to all authorised non-bank PSOs and will be implemented in a phased manner, starting with large entities effective April 1, 2025.

8.2 Bharat Bill Payment System (BBPS)

III.48 BBPS, an integrated bill payment system, offers interoperable and convenient payment services to customers. In view of the evolving payment ecosystem, the Reserve Bank issued a revised regulatory framework on February 29, 2024. Some of the key changes include, *inter alia*, expanding the participation criteria to all authorised non-bank payment aggregators; measures to enhance interoperability; customer protection measures and requirement of escrow account for non-bank Bharat Bill Payment Operating Units (BBPOUs).

8.3 Framework on Alternative Authentication Mechanisms for Digital Payment Transactions

III.49 On July 31, 2024 the Reserve Bank released draft framework on alternative authentication mechanisms for digital payment transactions. As per the framework, all digital payment transactions shall be authenticated with additional factor/s of authentication (AFA), wherein one of the factors of authentication should be dynamically created[9]. Additionally, to decide the appropriate AFA for a transaction, a risk-based approach needs to be adopted based on factors like the risk profile of the customer and / or beneficiary, transaction value and channel of origination.

8.4 Pre-sanctioned Credit Lines through UPI

III.50 In September 2023 the Reserve Bank had allowed pre-sanctioned credit lines to be linked through UPI and be used as a funding account by SCBs excluding PBs, SFBs and RRBs. On December 6, 2024, the Reserve

[9] A dynamically created factor is generated after initiation of payment, is specific to the transaction and cannot be reused.

Bank announced that SFBs would also be permitted to extend this facility. This will further deepen financial inclusion and enhance formal credit, particularly for ‘new to credit’ customers.

9. Overall Assessment

III.51 The financial landscape is witnessing a dramatic transformation, globally as well as in India, driven by technological innovations, changing consumer preferences and emergence of alternative business models. While these developments have fostered competition and collaboration, they also raise concerns about customer security and adequate regulatory oversight. During 2023-24 and 2024-25, the Reserve Bank continued to pursue proactive and prudent regulatory and supervisory policies with focus on strengthening resilience of REs, consumer protection, grievance redress mechanisms, financial inclusion, mitigation of climate risks, digitalisation and promoting innovation. The robust financial health of REs enabled them to fund productive activities of the economy, while embracing technology. The Reserve Bank remains committed to preserving financial stability and enhancing financial sector efficiency, while adopting a consultative approach in its regulatory frameworks and aligning Indian banking practices with international standards. The objective is to shape a resilient financial sector through a flexible and robust regulatory architecture so as to foster growth with stability.

IV OPERATIONS AND PERFORMANCE OF COMMERCIAL BANKS

During 2023-24, the consolidated balance sheet of commercial banks in India remained robust, marked by sustained expansion in both credit and deposits. Asset quality indicated gains across all bank groups. Capital and liquidity buffers remained well above regulatory requirements and profitability exhibited improvement for the sixth consecutive year.

1. Introduction

IV.1 The Indian commercial banking sector exhibited sustained strength during 2023-24 and H1: 2024-25. The consolidated balance sheet of scheduled commercial banks (SCBs) underwent double-digit expansion, led by robust credit growth[1]. Banks' profitability rose for the sixth consecutive year and asset quality improved further with the gross non-performing assets (GNPA) ratio falling to its lowest in 13 years at 2.7 per cent at end-March 2024. Banks' capital position remained satisfactory as reflected in their leverage and capital to risk weighted assets ratios (CRAR). All bank groups met regulatory requirements related to liquidity while maintaining high provision coverage ratios (PCRs).

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

2. Balance Sheet Analysis

IV.3 At end-March 2024, India's commercial banking sector consisted of 12 public sector banks (PSBs), 21 private sector banks (PVBs), 45 foreign banks (FBs), 12 SFBs, six PBs, 43 RRBs, and two LABs. Out of these 141 commercial banks, 137 were classified as scheduled banks, while four were non-scheduled[2].

[1] Throughout this chapter, unless explicitly stated otherwise, data for all commercial banks and private sector banks from July 2023 onwards are inclusive of merger of a non-bank with a private sector bank and, therefore, the data may not be strictly comparable to the previous periods.

[2] 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 2024, 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 LAB Ltd. were non-scheduled commercial banks.

IV.4 The consolidated balance sheet of SCBs, excluding RRBs, increased by 15.5 per cent during 2023-24 (including the impact of the merger[3]), as compared with 12.2 per cent during 2022-23 (Appendix Table IV.1). On the assets side, this expansion was driven by buoyant bank credit, which increased by 16.0 per cent in 2023-24 (excluding the impact of the merger) on top of 17.4 per cent growth a year ago. SCBs' investments grew by 11.6 per cent in 2023-24 (excluding the impact of the merger) as compared with 11.4 per cent a year ago[4] (Chart IV.1).

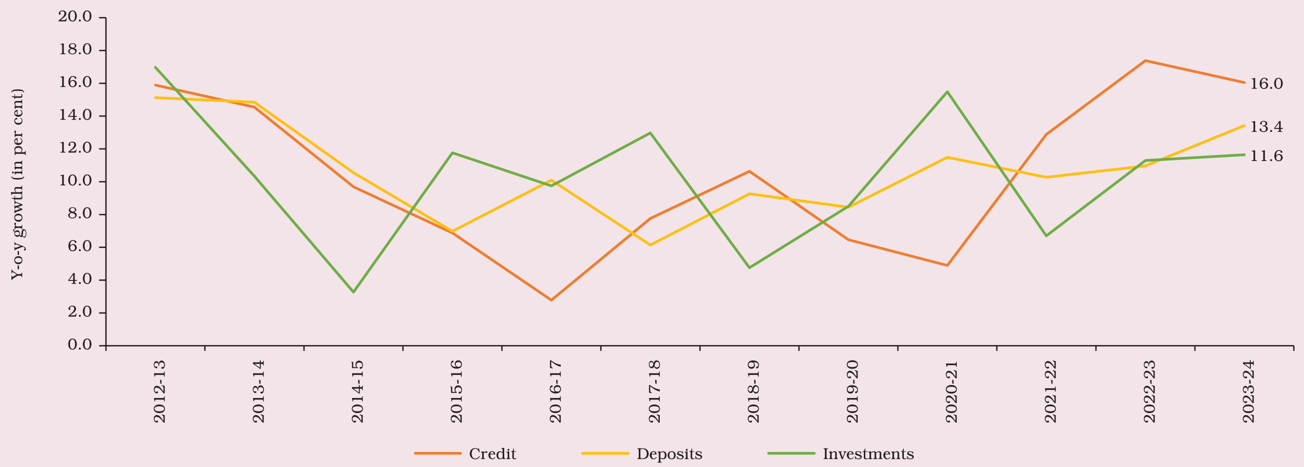
IV.5 The share of PSBs in the consolidated balance sheet of SCBs fell to 55.2 per cent at end-March 2024 from 57.6 per cent at end-March 2023, with that of PVBs increasing from 34.7 per cent to 37.5 per cent. PSBs accounted for 59.3 per cent of total deposits of SCBs and 55.5 per cent of total advances (Table IV.1).

IV.6 The share of loans and advances in total assets of SCBs increased by 2.2 percentage points during 2023-24 (Chart IV.2).

2.1 Liabilities

IV.7 Deposit growth of commercial banks accelerated to 13.4 per cent in 2023-24 (excluding the merger impact)[5] from 11.0 per cent a year ago. The weighted average domestic term deposit rate (WADTDR) on fresh deposits of PVBs increased to 6.6 per cent at end-March 2024 from 4.5 per cent at end-March 2022. Higher term deposit rates drove a faster pace of growth in term deposits relative to current account and savings account

Chart IV.1: Select Aggregates of SCBs
(At end-March)



Note: Credit, deposit and investment growth for 2023-24 exclude the impact of merger of a non-bank with a private sector bank.
Source: Annual accounts of respective banks.

3 Throughout this chapter, merger refers to the merger of a non-bank with a private sector bank.
4 Including the impact of the merger, bank credit and investments rose by 19.7 per cent and 13.0 per cent, respectively, in 2023-24.
5 14.0 per cent including the merger impact.

Table IV.1: Consolidated Balance Sheet of Scheduled Commercial Banks
(At end-March)

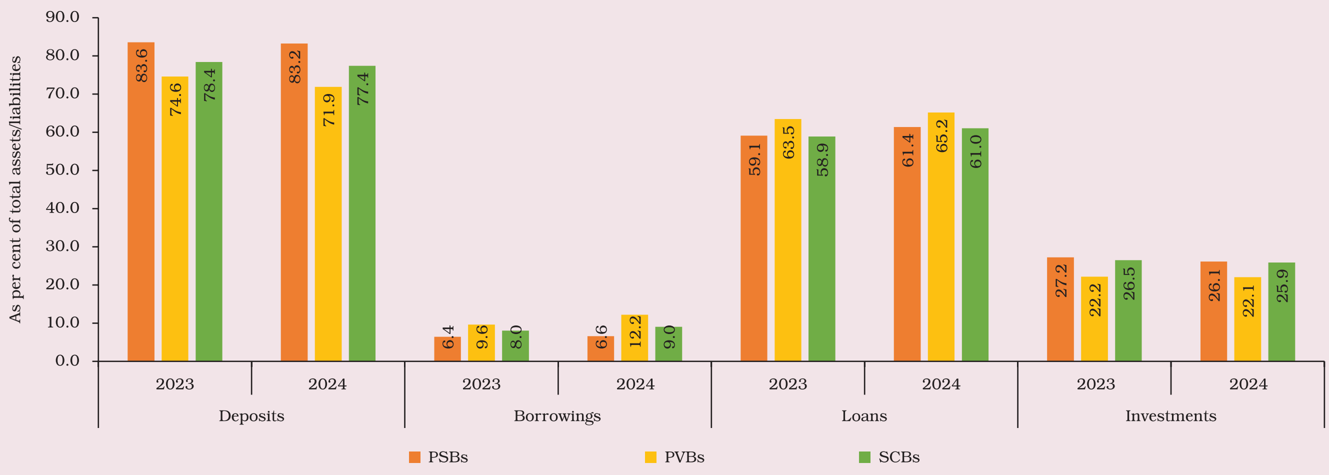
(Amount in ₹ crore)

Item	Public Sector Banks		Private Sector Banks		Foreign Banks		Small Finance Banks		Payments Banks		All Scheduled Commercial Banks	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1. Capital	71,176	72,877	32,468	32,832	1,11,612	1,18,603	7,811	7,844	4,512	5,001	2,27,580	2,37,158
2. Reserve and Surplus	8,24,250	9,56,917	9,34,791	12,14,082	1,60,606	1,80,023	23,557	32,957	-2,404	-2,365	19,40,800	23,81,614
3. Deposits	1,17,09,581	1,28,96,766	62,99,318	75,61,502	8,55,825	10,08,095	1,91,340	2,50,896	12,174	16,184	1,90,68,238	2,17,33,443
				(74,51,388)								(2,16,23,329)
3.1. Demand Deposits	7,48,951	8,00,416	8,85,492	9,88,296	2,89,545	3,46,863	7,429	10,895	393	76	19,31,810	21,46,546
3.2. Savings Bank Deposits	39,79,202	41,83,455	18,89,846	20,23,962	56,931	57,827	54,668	59,691	11,781	16,108	59,92,427	63,41,043
3.3. Term Deposits	69,81,428	79,12,895	35,23,981	45,49,244	5,09,349	6,03,405	1,29,243	1,80,310	-	-	1,11,44,001	1,32,45,854
4. Borrowings	9,03,824	10,24,003	8,12,969	12,84,429	2,08,739	2,03,073	31,190	28,255	519	713	19,57,241	25,40,474
5. Other Liabilities and Provisions	5,05,949	5,42,671	3,65,924	4,28,526	2,30,921	1,96,198	13,619	15,331	8,156	5,135	11,24,570	11,87,862
Total Liabilities/assets	**1,40,14,781**	**1,54,93,234**	**84,45,470**	**1,05,21,372**	**15,67,704**	**17,05,993**	**2,67,517**	**3,35,284**	**22,957**	**24,668**	**2,43,18,429**	**2,80,80,550**
1. Cash and Balances with RBI	6,41,731	6,18,769	4,13,201	5,32,690	93,411	1,05,980	17,840	17,503	2,295	3,004	11,68,479	12,77,947
2. Balances with Banks and Money at Call and Short Notice	4,23,343	4,34,252	2,36,116	1,89,051	1,19,332	74,865	4,530	6,305	4,963	4,313	7,88,284	7,08,785
3. Investments	38,17,201	40,50,865	18,75,137	23,23,647	6,74,077	8,07,328	58,062	74,239	12,064	14,286	64,36,540	72,70,365
				(22,33,887)								(71,80,604)
3.1 In Government Securities (a+b)	32,22,899	34,84,382	15,87,677	19,88,718	6,31,129	7,33,803	52,137	63,824	12,049	14,271	55,05,891	62,84,999
a) In India	31,65,076	34,23,192	15,73,022	19,73,422	5,88,166	7,25,476	52,137	63,824	12,049	14,271	53,90,449	62,00,185
b) Outside India	57,824	61,190	14,655	15,296	42,963	8,327	-	-	-	-	1,15,442	84,814
3.2 Other Approved Securities	5	5	-	-	-	-	-	-	-	-	5	5
3.3 Non-approved Securities	5,94,296	5,66,477	2,87,460	3,34,929	42,948	73,525	5,925	10,415	15	15	9,30,644	9,85,361
4. Loans and advances	82,83,763	95,06,329	53,66,673	68,61,388	4,91,029	5,48,474	1,77,887	2,26,148	-	-	1,43,19,353	1,71,42,340
				(63,36,115)								(1,66,17,066)
4.1 Bills Purchased and Discounted	2,84,863	3,57,393	1,34,836	1,50,780	65,506	84,506	872	1,444	-	-	4,86,077	5,94,124
4.2 Cash Credits, Overdrafts, *etc.*	29,10,286	33,64,717	16,98,188	19,67,085	2,07,287	2,39,685	18,266	26,966	-	-	48,34,027	55,98,453
4.3 Term Loans	50,88,614	57,84,218	35,33,648	47,43,524	2,18,236	2,24,283	1,58,750	1,97,738	-	-	89,99,248	1,09,49,763
5. Fixed Assets	1,15,288	1,18,864	49,347	56,755	5,624	5,956	2,735	3,353	564	1,189	1,73,558	1,86,117
6. Other Assets	7,33,456	7,64,154	5,04,997	5,57,840	1,84,230	1,63,390	6,463	7,736	3,070	1,876	14,32,216	14,94,997

Notes: 1. -: Nil/negligible.
2. 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, available at https://data.rbi.org.in.
3. Data in parentheses exclude the impact of the merger of a non-bank with a bank. All other data are inclusive of the impact of the merger.

Source: Annual accounts of respective banks.

Chart IV.2: Balance Sheet Composition
(At end-March)



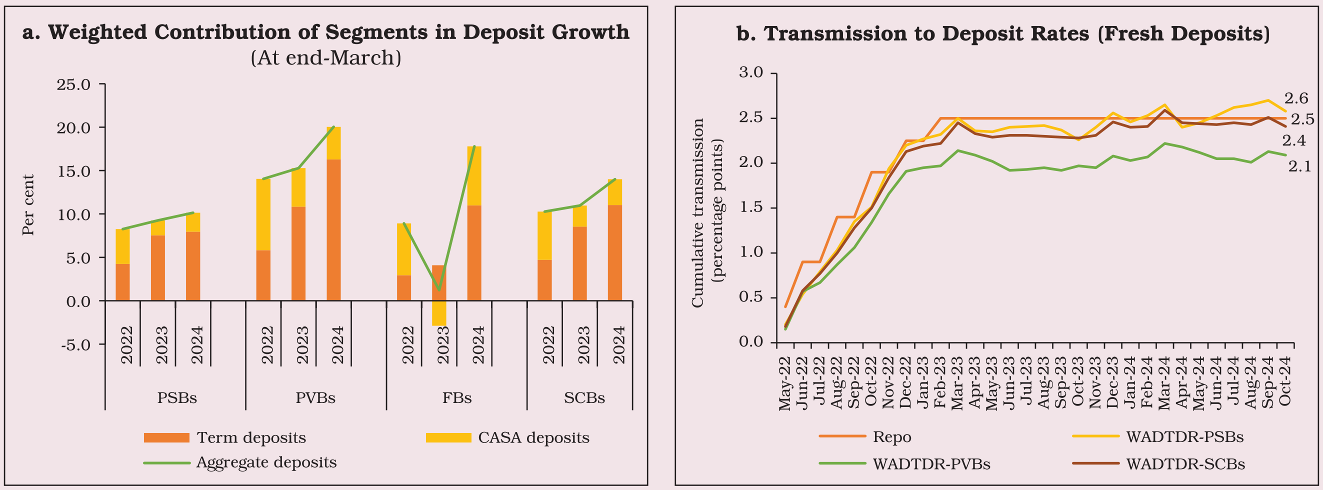
Source: Annual accounts of respective banks.

(CASA) deposits (Chart IV.3). In the long-run, the overall level of economic activity rather than interest rates is the main factor impacting deposit growth (Box IV.1).

2.2 Assets

IV.8 Credit growth remained robust during 2023-24, propelled by acceleration in economic activity[6] (Chart IV.4a). The weighted average lending rate (WALR) remained firm during the year reflecting the monetary policy stance. Transmission to lending rate on fresh loans was generally higher for PSBs than for PVBs (Chart IV.4b).

Chart IV.3: Deposit Growth



Source: Annual accounts of banks.

[6] Real GDP expanded by 8.2 per cent in 2023-24 as compared with 7.0 per cent in 2022-23.

Box IV.1 Determinants of Deposit Growth in Commercial Banks

The determinants of deposit growth in commercial banks in India are assessed for the period June 2012-March 2024 in an autoregressive distributed lag (ARDL) model (Pesaran and Shin, 1999). In line with the consensus in the literature (Saleh, M. *et al.*, 2023 and S. A. S. Ali *et al.*, 2019), the regression results suggest that the long-run elasticity of bank deposits with respect to income, proxied by nominal gross value added (GVA) is close to unity (1.1), *i.e.*, a one per cent growth in income, *ceteris paribus*, is associated with almost one per cent increase in bank deposit growth in the long run. Higher deposit interest rates (WADTDR) contribute to higher bank deposits, but their impact is not statistically significant in the long run. The negative and statistically significant coefficient of the error correction term (ECM) indicates that around 17 per cent of any disequilibrium between deposit and income growth due to any shock is corrected in each quarter (Table IV.1.1).

References:

Pesaran, M. H., & Shin, Y. (1999). An Autoregressive Distributed-Lag Modelling Approach to Cointegration Analysis. *Econometrics and Economic Theory in the 20th Century: The Ragnar Frisch Centennial Symposium*, 371–413. Cambridge: Cambridge University Press.

Saleh, M., *et al.* (2023). The Impact of Financial Determinants on Bank Deposits Using ARDL Model. *Journal of Statistics Applications & Probability 12(2)*: 441-452. DOI: https://doi.org/10.18576/jsap/120210.

S. A. S. Ali, *et al.* (2019). Determinants of Deposit of Commercial Banks in Sudan: an Empirical Investigation (1970-2012). *International Journal of Electronic Finance* (9), 230-255.

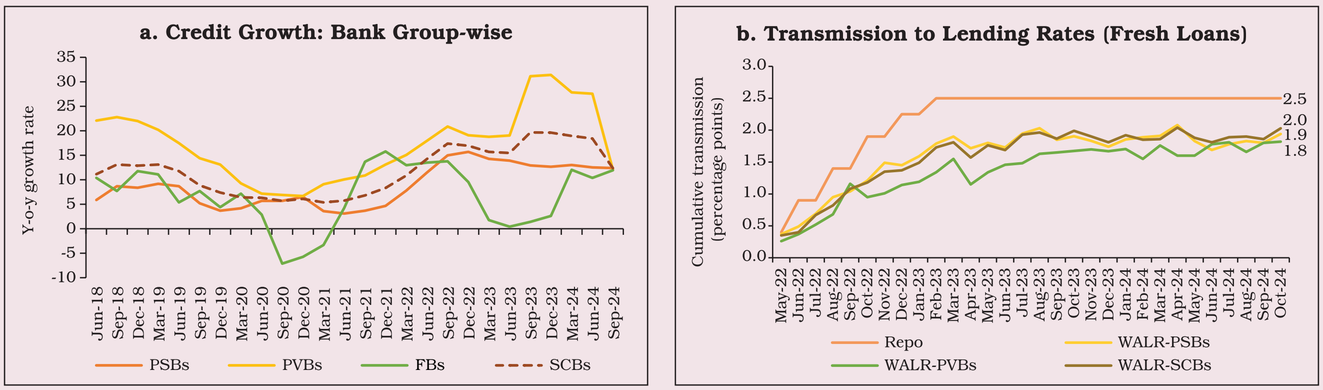
Table IV.1.1: Determinants of Aggregate Deposit: ARDL Model

	Dependent Variable: log Aggregate Deposit
Long Run	
Log GVA (-1)	1.083***
	(0.360)
WADTDR Outstanding (-1)	0.0458
	(0.0603)
Log BSE (-1)	-0.0155
	(0.211)
ECM	-0.166**
	(0.0801)
Short Run	
D.Log GVA	-0.0420
	(0.0678)
D.WADTDR Outstanding	0.0479*
	(0.0267)
D.WADTDR Outstanding (-1)	-0.0312
	(0.0273)
D.Log BSE	0.0716
	(0.0427)
D.Log BSE (-1)	-0.0916**
	(0.0403)
Demonetisation Dummy	0.0244*
	(0.0121)
COVID Dummy	0.0299**
	(0.0117)
Quarter2 Dummy	-0.00352
	(0.00787)
Quarter3 Dummy	0.00396
	(0.00719)
Quarter4 Dummy	0.00643
	(0.00792)
Constant	-0.0420
	(0.742)
Observations	39
R-squared	0.468

Source: RBI staff estimates.

IV.9 Credit growth was led by the metropolitan region in 2023-24, as in the past. The contribution of rural, semi-urban and urban areas broadly remained steady (Chart IV.5).

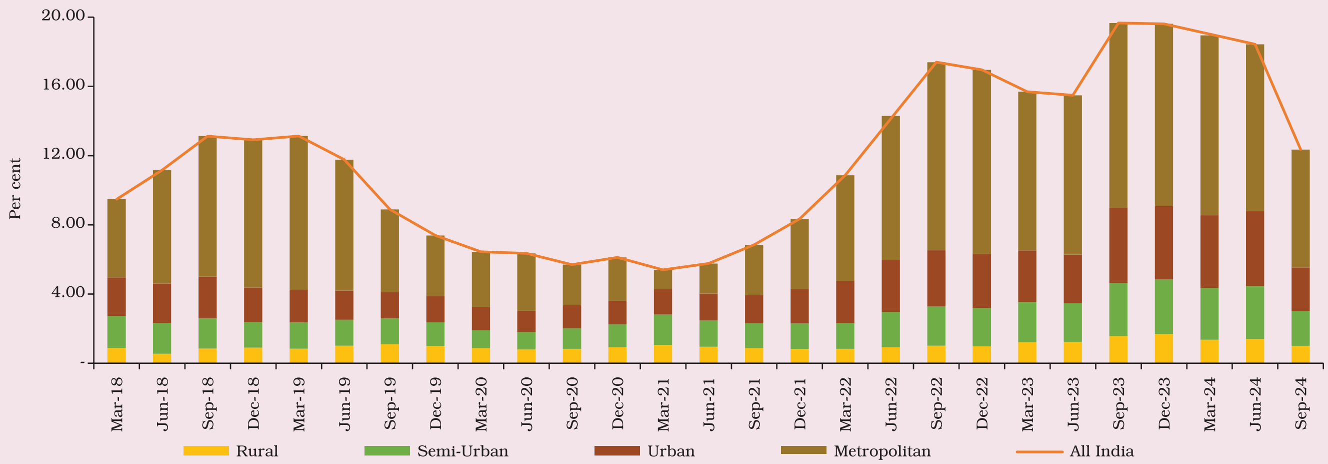
Chart IV.4: Credit Growth



Notes:
1. SCBs' data exclude RRBs.
2. A public sector bank has been categorized as private sector bank with effect from January 21, 2019. Hence, from March 2019 onwards the bank is excluded from PSBs group and included in PVBs group. Therefore, from March 2019 onwards, public and private bank-group wise growth rates are based on adjusted bank-group totals.
3. A private sector bank was amalgamated with a foreign bank with effect from November 27, 2020. Hence, from December 2020 onwards private and foreign bank-group wise growth rates are based on adjusted bank-group totals.
4. Credit data exclude inter-bank advances.

Source: Spatial Distribution of Deposits and Credit and RBI.

Chart IV.5: Contribution of Population Groups in Credit Growth



Notes: 1. SCBs data exclude RRBs.
2. All the centres are classified into following four population groups based on their population in the Census 2011: a) 'Rural' group includes centres with population of less than 10,000; b) 'Semi-urban' group includes centres with population of 10,000 and above but less than 1,00,000; c) 'Urban' group includes centres with population of 1,00,000 and above but less than ten lakh; d) 'Metropolitan' group includes all centres with population of one million and above.

Source: Spatial Distribution of Deposits and Credit.

IV.10 At end-March 2024, 83.1 per cent of SCBs' investments were in SLR approved securities. In non-SLR investments, debt comprised nearly 95 per cent (Table IV.2).

IV.11 With a pick-up in deposit growth, the credit-deposit growth gap narrowed during 2023-24 to 3.4 percentage points (excluding the merger impact) (Chart IV.6a). The investment-deposit growth gap also narrowed during the year (Chart IV.6b).

2.3 Maturity Profile of Assets and Liabilities

IV.12 Assets-liability maturity mismatches are intrinsic to the banking sector as their primary source of funds, *i.e.*, deposits, are of short-to medium-term tenors, while the loans repayment schedule stretches across the medium-term.

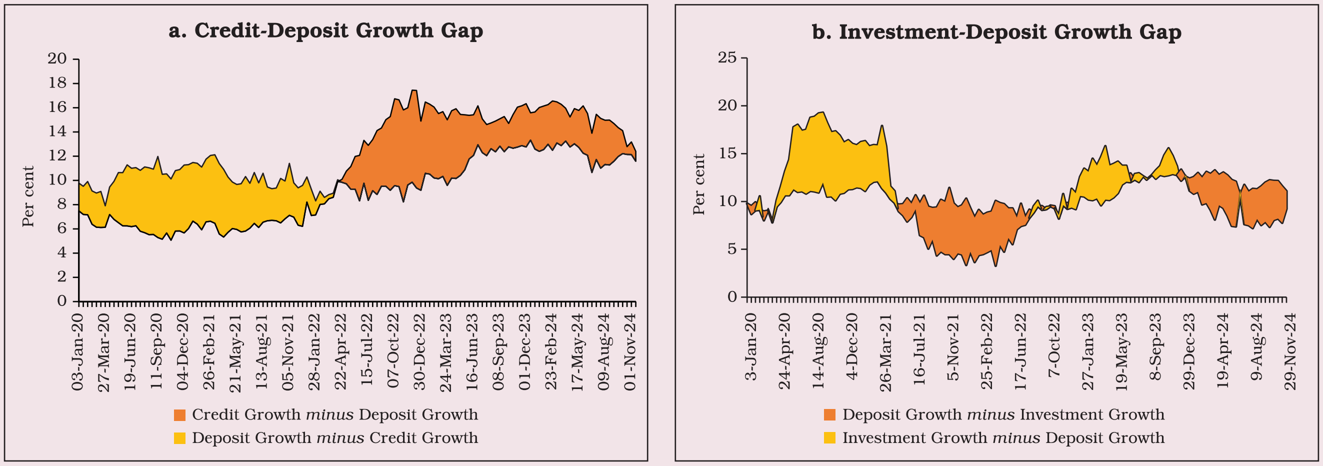
Table IV.2: Investments of SCBs
(At end-March)

(Amount in ₹ crore)

	PSBs		PVBs		FBs		SFBs		SCBs	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8	9	10	11
Total Investments (A+B)	**38,33,030**	**40,54,445**	**18,81,756**	**23,11,707**	**6,55,830**	**8,01,533**	**58,244**	**74,508**	**64,28,860**	**72,42,193**
A. SLR Investments (I+ II+III)	30,07,757	32,62,932	15,62,365	19,61,384	5,99,061	7,27,546	52,151	63,873	52,21,335	60,15,735
I. Central Government Securities	17,45,055	18,36,240	13,10,477	16,23,034	5,93,438	7,17,980	40,013	47,494	36,88,983	42,24,748
II. State Government Securities	12,60,787	14,22,323	2,51,889	3,38,350	5,623	9,566	12,139	16,379	15,30,437	17,86,618
III. Other Approved Securities	1,916	4,369	0	0	0	0	0	0	1,916	4,369
B. Non-SLR Investments (I+II)	8,25,273	7,91,513	3,19,390	3,50,323	56,769	73,987	6,093	10,634	12,07,525	12,26,458
I. Debt Securities	7,68,545	7,49,178	3,03,474	3,32,937	56,404	73,691	6,016	10,555	11,34,439	11,66,361
II. Equities	56,728	42,335	15,916	17,386	365	297	77	79	73,087	60,097

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

Chart IV.6: Credit-Deposit and Investment-Deposit Gap



Note: Data on credit, deposit and investment growth exclude the impact of merger.
Source: RBI.

During 2023-24, the maturity mismatch widened in the short-term bucket from a year ago, although it remained low relative to pre-pandemic levels. The gap remained positive across other buckets[7] (Chart IV.7). This mainly reflected an increase in shorter maturity deposits raised by banks.

Chart IV.7: Maturity Brackets-wise Assets and Liabilities Gap

Notes: 1. Assets consist of loans and advances and investments. Liabilities consist of deposits and borrowings.
2. Gap is calculated as assets *minus* liabilities.
Source: Annual accounts of banks.

IV.13 The share of short-term deposits in total deposits increased for all bank groups, except FBs. On the other hand, the share of short-term borrowings declined for all bank groups, except SFBs. All the operations of FBs, *viz.*, deposits, borrowings, lending and investments were concentrated in short-term buckets. PSBs' investments are typically in long-term instruments, while all other bank groups prefer short-term exposures (Table IV.3).

2.4 International Liabilities and Assets

IV.14 In 2023-24, growth of all types of non-residents deposits, *viz.*, foreign currency non-resident (Bank) [FCNR(B)], Non-resident External (NRE) Rupee and Non-resident Ordinary (NRO) Rupee contributed to acceleration in international liabilities of banks in India (Appendix Table IV.2). Their international assets fell by 23.5 per cent in 2023-24 on top of a contraction of 13.1 per cent a year ago on account of reduction in NOSTRO balances and

[7] Short-term is defined as up to one-year, medium term is one to five years, while long-term is defined as more than five years.

Table IV.3: Bank Group-wise Maturity Profile of Select Liabilities/Assets

(At end-March)

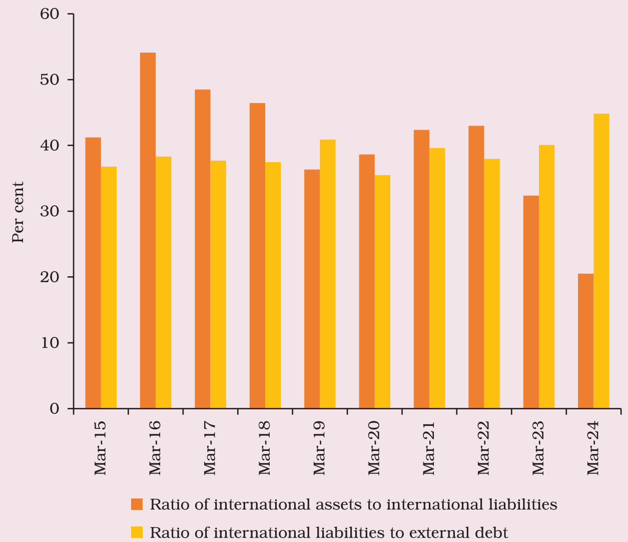
(Per cent)

Liabilities/Assets	PSBs		PVBs		FBs		SFBs		PBs		All SCBs	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Deposits												
a) Up to 1 year	36.4	38.3	33.0	39.2	65.7	62.2	42.2	49.0	15.5	22.6	36.7	39.8
b) Over 1 year and up to 3 years	21.1	22.0	31.2	27.9	26.1	30.7	54.9	44.8	84.5	77.4	25.0	24.7
c) Over 3 years and up to 5 years	12.8	11.0	9.1	8.3	8.1	7.1	1.8	4.5	0.0	0.0	11.2	9.8
d) Over 5 years	29.7	28.7	26.7	24.6	0.0	0.0	1.1	1.7	0.0	0.0	27.1	25.6
II. Borrowings												
a) Up to 1 year	60.8	58.1	45.9	33.8	90.5	82.8	38.8	51.3	100.0	100.0	57.4	47.7
b) Over 1 year and up to 3 years	16.7	16.7	32.6	37.8	7.6	16.2	50.6	35.7	0.0	0.0	22.9	27.5
c) Over 3 years and up to 5 years	8.5	6.9	10.3	9.9	0.7	0.4	5.4	7.3	0.0	0.0	8.3	7.9
d) Over 5 years	14.0	18.3	11.2	18.6	1.2	0.6	5.2	5.8	0.0	0.0	11.3	16.9
III. Loans and Advances												
a) Up to 1 year	28.3	28.0	28.4	27.3	56.2	59.5	36.5	37.7	100.0	100.0	29.4	28.9
b) Over 1 year and up to 3 years	34.3	36.5	36.7	34.6	23.9	23.8	36.0	36.0	0.0	0.0	34.9	35.3
c) Over 3 years and up to 5 years	14.1	12.1	12.5	12.5	10.0	8.2	10.5	10.1	0.0	0.0	13.3	12.1
d) Over 5 years	23.3	23.4	22.4	25.6	9.9	8.5	17.1	16.3	0.0	0.0	22.4	23.7
IV. Investment												
a) Up to 1 year	26.0	22.4	55.3	58.6	86.4	83.9	61.6	68.6	99.5	99.2	41.3	41.4
b) Over 1 year and up to 3 years	14.6	16.3	19.1	17.2	8.2	10.4	27.0	25.9	0.1	0.4	15.3	16.0
c) Over 3 years and up to 5 years	12.9	11.9	7.1	6.1	1.3	1.6	5.5	4.0	0.0	0.1	9.9	8.8
d) Over 5 years	46.4	49.4	18.5	18.1	4.2	4.1	5.9	1.5	0.4	0.3	33.4	33.8

Note: Figures denote share of each maturity bucket in each component of the balance sheet.
Source: Annual accounts of banks.

placements abroad as well as in loans to non-residents (Appendix Table IV.3). Consequently, the international assets to liabilities ratio of banks in India declined for the second consecutive year during 2023-24 (Chart IV.8).

Chart IV.8: International Assets and Liabilities of Banks

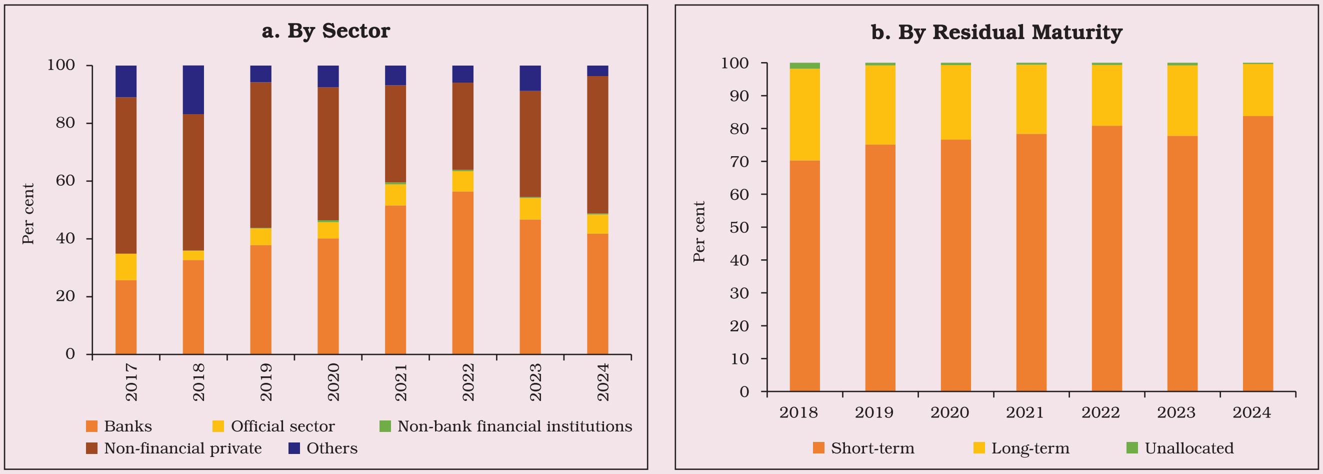


Source: Annual accounts of banks and DBIE.

IV.15 The consolidated international claims of Indian banks on all the major economies, except US and UAE, increased in 2023-24 (Appendix Table IV.4); in contrast, in the previous year, Indian banks' consolidated international claims on major economies, except Singapore, had contracted. At end-March 2024, Indian banks' claims shifted away from their counterparts in other jurisdictions towards non-financial private sector (Chart IV.9a). The proportion of shorter maturity claims increased and remained the dominant category (Appendix Table IV.5 and Chart IV.9b).

Chart IV.9: Consolidated International Claims of Indian Banks

(At end-March)



Source: Annual accounts of banks and DBIE.

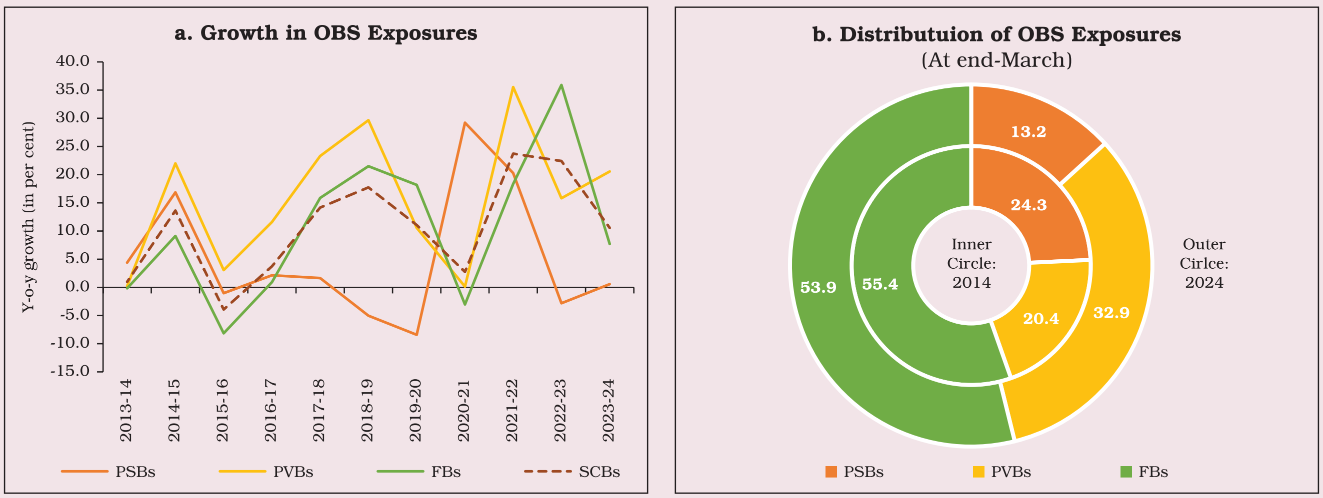
2.5 *Off-Balance Sheet Operations*

IV.16 Growth in contingent liabilities of SCBs decelerated at end-March 2024, led by forward exchange contracts (Chart IV.10a and Appendix Table IV.6). As a proportion of balance sheet size, the off-balance sheet exposure of SCBs decreased to 138.6 per cent at end-March 2024 from 144.8 per cent at end-March 2023. The share of PVBs in contingent liabilities of the banking sector increased from 20.4 per cent at end-March 2014 to 32.9 per cent at end-March 2024, while that of PSBs fell from 24.3 per cent to 13.2 per cent over the same period (Chart IV.10b).

3. Financial Performance

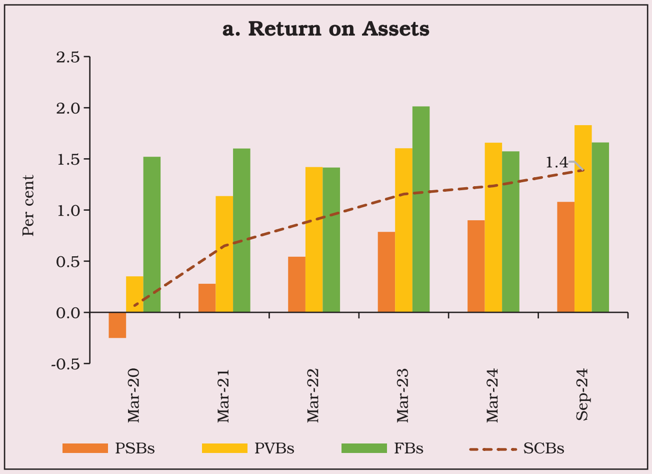
IV.17 Profitability of banks improved for the sixth consecutive year in 2023-24. Both PSBs and PVBs exhibited an increase in return on assets (RoA) in 2023-24 (Chart IV.11). Gains in

Chart IV.10: Off-Balance Sheet Liabilities of Banks



Source: Annual accounts of banks.

Chart IV.11: Profitability Ratios
(At end-March)



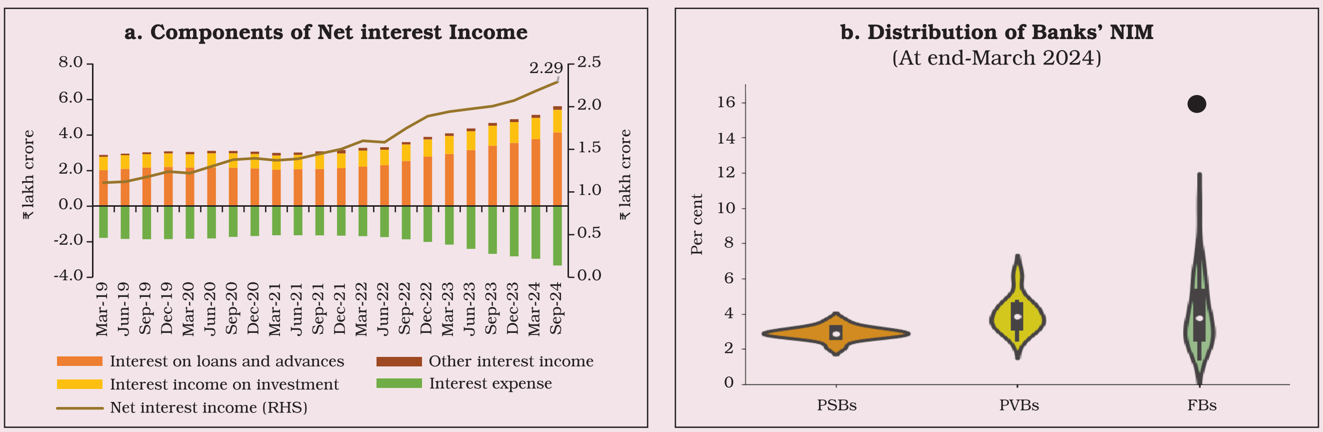
Source: Off-site returns (global operations), RBI.

profitability of SCBs continued in H1:2024-25 with RoA at 1.4 per cent and RoE at 14.6 per cent.

IV.18 During 2023-24, banks resorted to borrowings at higher interest rates and increased their deposit rates to bridge the credit-deposit growth gap. Consequently, the growth of their interest expenditure outpaced that of their interest earnings, resulting in a deceleration in both operating and net profit growth (Table IV.4 and Chart IV.12a).

IV.19 The interest expense to interest income ratio increased to 57.4 per cent during 2023-24 from 52.2 per cent in the previous year. The median Net Interest Margin (NIM) was the highest for PVBs, followed by FBs and PSBs. NIM is highly dispersed for FBs, followed by PVBs and PSBs (Chart IV.12b).

Chart IV.12: Net Interest Income and Net Interest Margin



Note: The violin chart is created using bank-wise NIM at end-March 2024. The white dot in the chart represents the median, the base of the black bar in the center represents first quartile, whereas the top represents the third quartile. Wider sections of the violin plot represent a higher frequency of the distribution, whereas the thinner sections represent a lower frequency. Black dot represents the outlier for FBs.
Source: Off-site returns, RBI and annual accounts of banks.

Table IV.4: Trends in Income and Expenditure of Scheduled Commercial Banks

(Amount in ₹ crore)

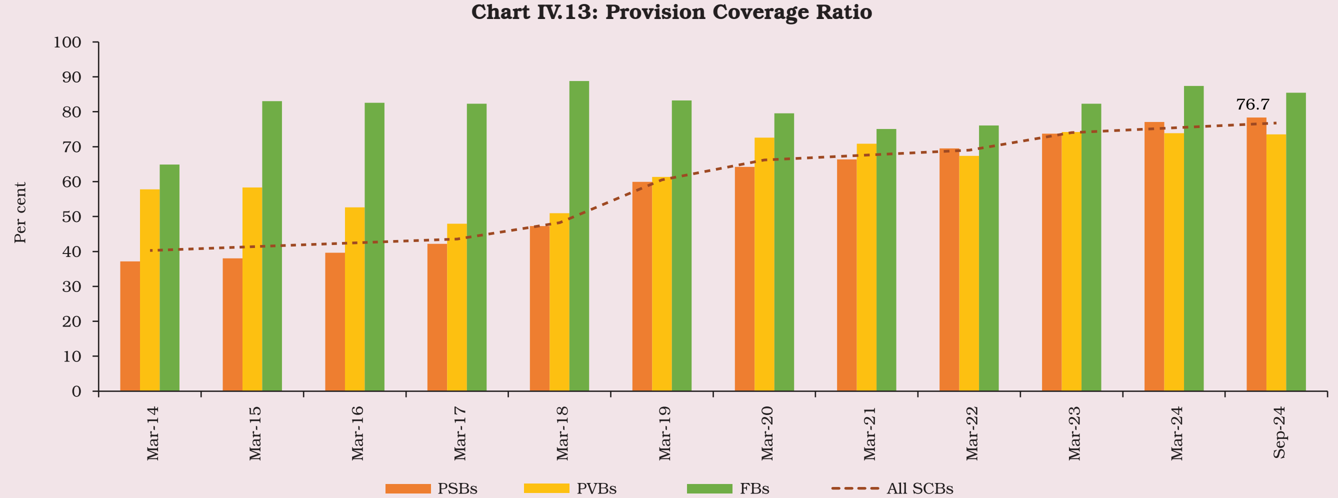
	Public Sector Banks		Private Sector Banks		Foreign Banks		Small Finance Banks		Payments Banks		All SCBs	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Income	9,71,421 (16.8)	12,12,665 (24.8)	6,90,504 (20.7)	9,41,864 (36.4)	1,08,132 (36.0)	1,29,870 (20.1)	33,806 (34.6)	45,449 (34.4)	5,965 (20.5)	7,102 (19.0)	18,09,829 (19.6)	23,36,949 (29.1)
a) Interest Income	8,51,078 (20.0)	10,66,243 (25.3)	5,82,278 (23.6)	7,96,569 (36.8)	83,315 (26.5)	1,06,032 (27.3)	29,806 (34.7)	39,646 (33.0)	860 (92.7)	1,416 (64.6)	15,47,337 (22.0)	20,09,907 (29.9)
b) Other Income	1,20,343 (-2.0)	1,46,422 (21.7)	1,08,226 (6.8)	1,45,295 (34.3)	24,817 (81.9)	23,838 (-3.9)	4,000 (34.0)	5,803 (45.1)	5,105 (13.3)	5,686 (11.4)	2,62,492 (7.0)	3,27,043 (24.6)
2. Expenditure	8,66,772 (13.3)	10,71,463 (23.6)	5,66,369 (19.0)	7,66,567 (35.3)	77,987 (27.6)	1,02,984 (32.1)	29,644 (22.8)	39,230 (32.3)	5,844 (15.9)	7,103 (21.5)	15,46,615 (16.1)	19,87,346 (28.5)
a) Interest Expended	4,87,690 (18.6)	6,58,611 (35.0)	2,75,391 (22.8)	4,29,732 (56.0)	31,678 (47.5)	46,996 (48.4)	12,140 (27.6)	17,474 (43.9)	246 (57.5)	353 (43.8)	8,07,144 (21.1)	11,53,167 (42.9)
b) Operating Expenses	2,44,064 (10.9)	2,95,090 (20.9)	2,02,563 (29.3)	2,39,146 (18.1)	27,958 (12.0)	34,789 (24.4)	13,150 (34.0)	17,189 (30.7)	5,579 (14.3)	6,634 (18.9)	4,93,314 (18.5)	5,92,848 (20.2)
of which: Wage Bill	1,44,690 (9.0)	1,84,025 (27.2)	70,605 (20.0)	90,284 (27.9)	10,065 (9.6)	10,460 (3.9)	6,705 (26.4)	8,504 (26.8)	914 (15.9)	1,215 (32.9)	2,32,978 (12.6)	2,94,488 (26.4)
c) Provision and Contingencies	1,35,018 (0.7)	1,17,761 (-12.8)	88,415 (-7.1)	97,688 (10.5)	18,351 (25.3)	21,200 (15.5)	4,354 (-9.4)	4,567 (4.9)	20 (556.9)	116 (488.4)	2,46,158 (-1.0)	2,41,332 (-2.0)
3. Operating Profit	2,39,667 (19.5)	2,58,964 (8.1)	2,12,551 (11.0)	2,72,986 (28.4)	48,496 (46.8)	48,085 (-0.8)	8,516 (47.3)	10,786 (26.6)	141 (-263.0)	114 (-18.9)	5,09,371 (18.2)	5,90,935 (16.0)
4. Net Profit	1,04,649 (57.3)	1,41,202 (34.9)	1,24,136 (29.0)	1,75,297 (41.2)	30,145 (64.0)	26,886 (-10.8)	4,162 (327.6)	6,219 (49.4)	121 (-235.6)	-1 (-101.0)	2,63,214 (44.6)	3,49,603 (32.8)
5. Net Interest Income (NII)	3,63,388 (22.0)	4,07,632 (12.2)	3,06,888 (24.4)	3,66,836 (19.5)	51,637 (16.4)	59,036 (14.3)	17,666 (40.1)	22,172 (25.5)	615 (111.7)	1,063 (72.9)	7,40,193 (23.0)	8,56,740 (15.7)
6. Net Interest Margin (NIM)	2.7	2.8	3.9	3.9	3.5	3.6	7.5	7.4	3.0	4.5	3.2	3.3

Notes: 1. NIM has been defined as NII as percentage of average assets.
2. Figures in parentheses refer to per cent variation over the previous year.
Source: Annual accounts of respective banks.

IV.20 The PCR (not adjusted for write-offs) of SCBs expanded by 210 basis points (bps) y-o-y to reach 76.2 per cent at end-March 2024, mainly reflecting lower slippages. It further improved to 76.7 per cent at end-September 2024, largely driven by PSBs (Chart IV.13).

IV.21 An increase of 104 bps in the cost of funds and 89 bps rise in the yield on assets narrowed

Chart IV.13: Provision Coverage Ratio



Note: Provision coverage ratio is not write-off adjusted.
Source: Off-site returns (domestic operations), RBI.

Table IV.5: 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 (Column 8 – Column 5)
1	2	3	4	5	6	7	8	9
PSBs	2022-23	3.9	6.2	4.1	7.5	6.5	7.1	3.1
	2023-24	4.8	7.3	5.0	8.4	6.9	7.9	2.9
PVBs	2022-23	3.8	6.4	4.1	9.2	6.3	8.4	4.3
	2023-24	4.8	9.2	5.4	10.4	6.8	9.5	4.1
FBs	2022-23	2.9	4.0	3.1	8.2	5.8	6.9	3.8
	2023-24	3.8	5.6	4.1	8.7	6.8	7.6	3.5
SFBs	2022-23	5.9	7.3	6.1	16.5	6.7	14.2	8.0
	2023-24	6.8	8.2	7.0	17.0	6.9	14.5	7.5
PBs	2022-23	2.1	7.8	2.4	6.0	5.6	5.6	3.3
	2023-24	2.0	11.2	2.4	10.0	7.6	7.6	5.2
All SCBs	2022-23	3.8	6.1	4.0	8.2	6.3	7.6	3.6
	2023-24	4.8	8.1	5.1	9.3	6.9	8.5	3.4

Notes: 1. Cost of deposits = Interest paid on deposits/Average of current and previous year's deposits.
2. Cost of borrowings = (Interest expended - Interest on deposits)/Average of current and previous year's borrowings.
3. Cost of funds = Interest expended / (Average of current and previous year's deposits *plus* borrowings)
4. Return on advances = Interest earned on advances /Average of current and previous year's advances.
5. Return on investments = Interest earned on investments /Average of current and previous year's investments.
6. Return on funds = (Interest earned on advances + Interest earned on investments) / (Average of current and previous year's advances *plus* investments).

Source: Calculated from balance sheets of respective banks.

the spread for SCBs during 2023-24. SFBs had the widest spreads, reflecting relatively higher interest rates on their advances (Table IV.5).

4. Soundness Indicators

4.1 Capital Adequacy

IV.22 The minimum capital to risk-weighted assets ratio (CRAR) requirement for banks in India is set at 9 per cent [11.5 per cent inclusive of capital conservation buffer (CCB)]and Tier 1 capital requirement is set at 7 per cent, both one percentage point above the Basel III requirements. At end-March 2024, all bank groups remained well-capitalised, although the CRAR of SCBs moderated by 30 bps to 16.9 per cent while Tier 1 capital stood at 14.8 per cent (Table IV.6). The fall in CRAR was due to an increase in risk-weighted assets (RWAs) exceeding the increase in capital funds. Supervisory data indicate that the CRAR of SCBs was 16.8 per cent at end-September 2024.

IV.23 The dispersion of CRAR and CET1 among constituent banks was higher for PVBs than PSBs (Chart IV.14a and b). The mean as well as median of both CRAR and CET1 was higher for PVBs than those for PSBs.

Table IV.6: Component-wise Capital Adequacy of SCBs

(At end-March)

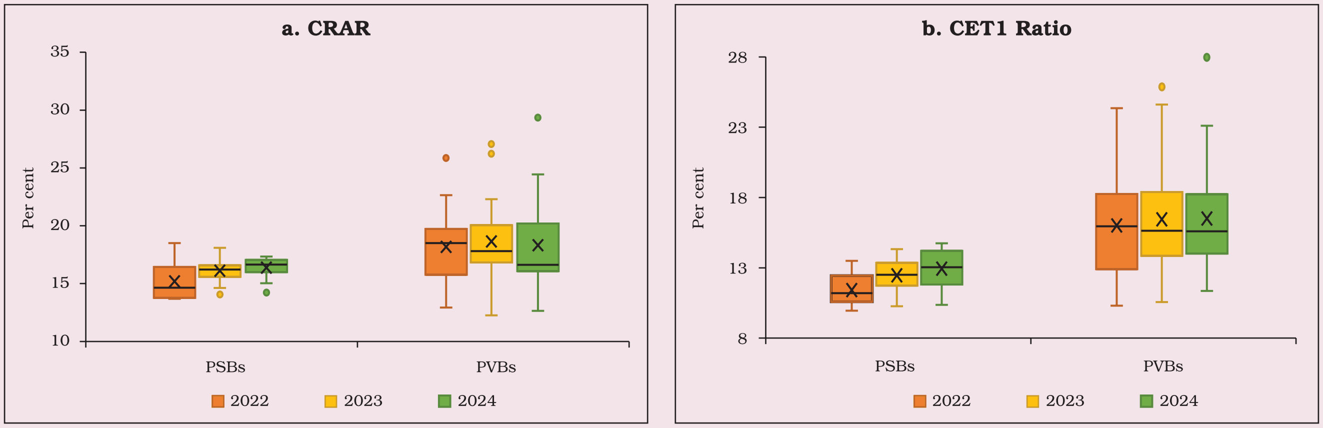
(Amount in ₹ crore)

	PSBs		PVBs		FBs		SCBs	
	2023	2024	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8	9
1. Capital Funds	**10,16,789**	**11,74,245**	**10,20,953**	**12,83,455**	**2,43,096**	**2,70,646**	**23,15,358**	**27,69,950**
i) Tier 1 Capital	8,47,783	9,94,510	9,11,271	11,55,051	2,20,746	2,43,842	20,10,443	24,30,733
ii) Tier 2 Capital	1,69,006	1,79,735	1,09,681	1,28,404	22,350	26,804	3,04,915	3,39,217
2. Risk Weighted Assets	**65,48,771**	**75,59,396**	**54,85,172**	**72,14,513**	**12,50,775**	**14,18,639**	**1,34,38,317**	**1,63,84,879**
3. CRAR (1 as % of 2)	**15.5**	**15.5**	**18.6**	**17.8**	**19.4**	**19.1**	**17.2**	**16.9**
Of which: Tier 1	12.9	13.2	16.6	16.0	17.6	17.2	15.0	14.8
Tier 2	2.6	2.4	2.0	1.8	1.8	1.9	2.3	2.1

Source: Off-site returns, RBI.

Chart IV.14: Bank Group-wise CRAR and CET1 Ratio

(At end-March)

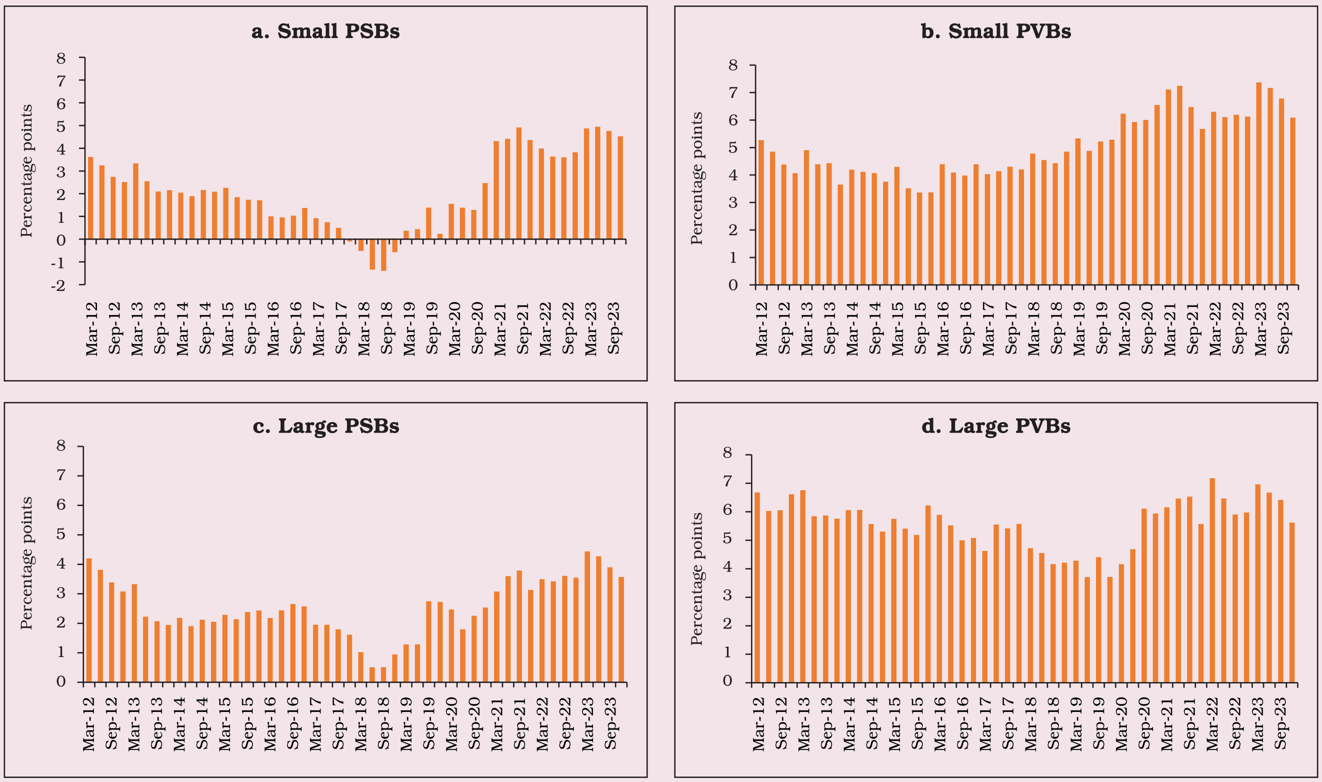


Note: The whiskers of the boxplots are indicative of maximum and minimum values. A colored box shows distance between first quantile and third quantile. Horizontal line in each box shows the median, while 'X' shows the mean.

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

IV.24 Banks across groups and sizes have consistently maintained CRAR above the regulatory minimum requirements (Chart IV.15). The CCB was made applicable for Indian banks in tranches from 2016. Excess CRAR, calculated over and above the then applicable minimum CRAR inclusive of CCB, is influenced by a multitude of factors (Box IV.2).

Chart IV.15: Excess CRAR



Note: For any given quarter, a bank with asset size below (above) the group median is considered small (large).

Source: RBI.

Box IV.2: Why do Banks Hold Excess CRAR?

Banks maintain excess CRAR as a buffer against unexpected losses and economic downturns, and to boost their market reputation (Lindquist, 2004). CRARs above regulatory requirements could have opportunity costs for banks, as excess capital could have been invested in higher-yielding assets, including for extending credit (Kashyap, Rajan, and Stein, 2002).

The potential drivers of excess CRAR are estimated by using supervisory quarterly panel data for 33 PSBs and PVBs from March 2012 to December 2023 in fixed effects regression models.

The results indicate that profitability indicators like RoA or NIM positively impact excess CRAR (Table IV.2.1). Conversely, the *ex-post* credit risk of banks, measured by the lagged GNPA ratio or net NPA (NNPA) ratio, dampens excess CRAR as banks with weaker asset quality anticipate higher provisions. Additionally, a larger loan portfolio (measured by loans-to-assets ratio) requires more capital, resulting in a negative relationship with excess CRAR. The size of a bank, measured by the log of total assets, turns out to be negatively related to excess CRAR — larger banks may have the advantage of portfolio diversification, economies of scale and easier access to capital markets (Berger & Bouwman, 2009).

The decision to hold excess capital can also be influenced by peer behaviour (Angora, Distinguin, and Rugemintwari, 2009). In the Indian context, the average excess capital held by banks within the same category (size-wise groups of PSBs and PVBs) shows a significant and positive relationship with a bank's own excess CRAR. The weighted average call rate (WACR), a proxy for opportunity cost of holding excess capital, dampens excess capital holdings. Excess CRAR also appears to be procyclical, as evident from its positive and significant relationship with GDP growth.

In conclusion, banks maintaining excess CRAR may be influenced by their own financial conditions as well as peer influences apart from macroeconomic conditions.

Table IV.2.1: Regression Results

Dependent variable: Excess CRAR			
	Model 1	Model 2	Model 3
Lag (RoA)	0.865*** (0.0673)		1.115*** (0.0754)
Lag (NIM)		1.091*** (0.0859)	
Lag (NNPA ratio)	-0.0783*** (0.0262)		
Lag (GNPA ratio)		-0.197*** (0.0140)	-0.0935*** (0.0162)
Lag (loans-to-assets)	-0.0339*** (0.0102)		-0.0274** (0.0118)
Lag (credit growth)		0.00347 (0.00475)	
Group excess CRAR	0.649*** (0.0474)		
Log (total assets)		-0.676*** (0.160)	-0.315* (0.165)
WACR	-0.116*** (0.0305)	-0.439*** (0.0397)	-0.411*** (0.0405)
GDP growth	0.00120 (0.00792)	0.0334*** (0.00848)	0.0243*** (0.00845)
Constant	3.892*** (0.689)	12.21*** (2.084)	11.86*** (2.027)
Observations	1,518	1,509	1,518
Fixed Effects	Yes	Yes	Yes
R-squared	0.394	0.267	0.289
Number of banks	33	33	33

Notes: 1. Figures in parentheses indicate robust standard errors clustered at bank level.
2. ***, ** and * represent 1 per cent, 5 per cent and 10 per cent levels of significance, respectively.

Source: RBI staff estimates.

References:

Angora, A., Distinguin, I., and Rugemintwari, C. (2009). Excess Capital of European Banks: Does Bank Heterogeneity Matter? Working paper. University of Limoges.

Berger, A. N., and Bouwman, C. H. (2009). Bank Liquidity Creation. *The Review of Financial Studies*, 22(9), 3779-3837.

Kashyap, A. K., Rajan, R. G., and Stein, J. C. (2002). Banks as Liquidity Providers: An Explanation for the Coexistence of Lending and Deposit-taking. *Journal of Finance*, 57(1), 33-73.

Lindquist, K.-G. (2004). Banks' Buffer Capital: How Important is Risk. *Journal of International Money and Finance*, 23(3), 493-513.

IV.25 Resources raised by banks through private placement of debt, qualified institutional placement and preferential allotment of equity increased marginally during 2023-24. PSBs recorded a notable increase of 38.6 per cent in total amount raised during 2023-24 compared to 2022-23 (Table IV.7).

Table IV.7: Resources Raised by Banks through Private Placements

(Amount in ₹ crore)

	2021-22		2022-23		2023-24		2024-25 (Up to October)	
	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	34	70,719	27	70,260	26	97,380	17	90,811
PVBs	16	40,034	14	52,903	14	33,426	6	14,519
FBs	0	0	2	224	0	0	0	0
Total	**50**	**1,10,753**	**43**	**1,23,387**	**40**	**1,30,806**	**23**	**1,05,330**

Notes: 1. Include private placement of debt, qualified institutional placement and preferential allotment.
2. Data for 2024-25 are provisional.

Source: SEBI, BSE and NSE.

4.2 Leverage and Liquidity

IV.26 The leverage ratio (LR) is a non-risk based backstop measure complementing the Basel III risk-based capital framework. The LR — the ratio of Tier 1 capital to total exposures — improved during 2023-24 for all bank groups, except FBs (Table IV.8).

IV.27 The liquidity coverage ratio (LCR) — designed to help banks withstand liquidity pressures in the short-term — requires banks to maintain high quality liquid assets (HQLAs) to meet 30 days' net outgo under stressed conditions. At end-March 2024, the LCR was 130.3 per cent, which was above the required 100 per cent, notwithstanding some moderation during the year (Table IV.8).

IV.28 The net stable funding ratio (NSFR) – the ratio of available stable funding to required stable funding – limits overreliance of banks on short-term wholesale funding and encourages better assessment of funding risk across all on- and off-balance sheet items, promoting funding stability. In line with international standards, the minimum NSFR that banks in India are required to maintain is set at 100 per cent. At end-March 2024, all bank groups met this target (Table IV.9).

4.3 Non-Performing Assets

IV.29 The improvement in asset quality of banks, measured by their GNPA ratios, commenced in 2018-19. GNPAs of SCBs reduced by 15.9 per cent y-o-y to ₹ 4.8 lakh crore as on March 31, 2024. The GNPA ratio declined to 2.7 per cent at

Table IV.8: Leverage Ratio and Liquidity Coverage Ratio

(in Per cent)

	Leverage Ratio				Liquidity Coverage Ratio			
	Mar-22	Mar-23	Mar-24	Sep-24	Mar-22	Mar-23	Mar-24	Sep-24
1	2	3	4	5	6	7	8	9
PSBs	5.1	5.5	6.0	6.0	155.8	153.5	129.3	127.4
PVBs	9.7	9.6	9.7	10.0	127.7	127.9	127.1	126.1
FBs	11.0	11.0	10.8	10.6	171.0	154.6	145.0	142.6
All SCBs	**7.2**	**7.4**	**7.8**	**7.9**	**147.1**	**144.6**	**130.3**	**128.6**

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

Table IV.9: Net Stable Funding Ratio
(At end-March 2024)
(Amount in ₹ crore)

	Available Stable Funding	Required Stable Funding	NSFR (per cent)
1	2	3	4
Public Sector Banks	1,11,95,611	88,65,493	126.3
Private Sector Banks	77,28,087	60,47,820	127.8
Foreign Banks	6,78,655	5,34,056	127.1
Small Finance Banks	2,04,965	1,63,860	125.1
Scheduled Commercial Banks	**1,98,07,318**	**1,56,11,229**	**126.9**

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

end-March 2024[8], the lowest in 13 years, from 3.9 per cent at end-March 2023. During 2023-24, around 44.4 per cent of the reduction in GNPAs was attributable to better recoveries and upgradations.

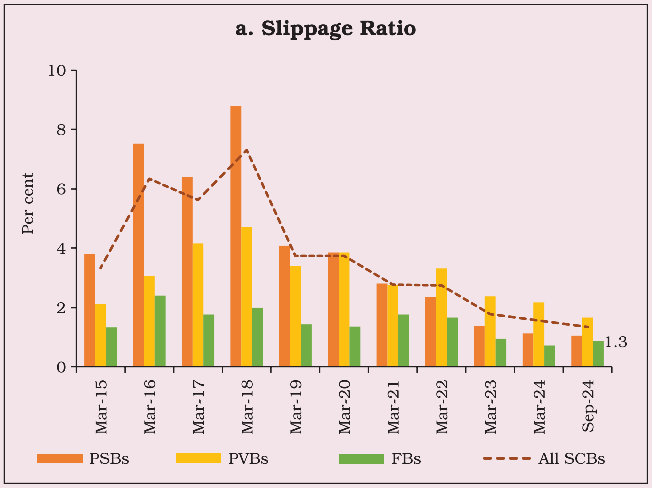
IV.30 The net NPA (NNPA) ratio also declined to a decadal low of 0.62 per cent at end-March 2024, driven by stronger provision buffers (Table IV.10). At end-September 2024, the NNPA ratio improved further to 0.57 per cent.

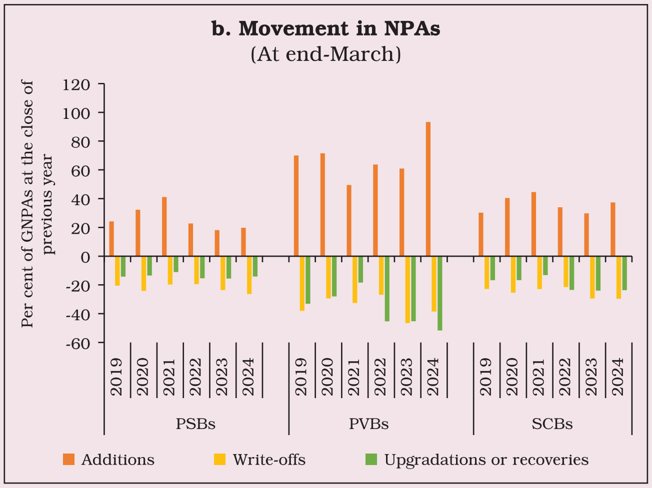
IV.31 The slippage ratio, which measures new accretions to NPAs as a share of standard advances at the beginning of the year, improved during 2023-24 (Chart IV.16a). For the third consecutive year, the slippage ratio of PVBs remained higher than PSBs on account of the former's larger fresh accretion to NPAs (Chart IV.16b).

IV.32 Reflecting these gains in asset quality, the proportion of standard assets in total advances increased for all bank groups at end-March 2024 from a year ago. The decline in share of non-standard advances (comprising sub-standard, doubtful and loss advances) was led by moderation in doubtful assets (Table IV.11).

IV.33 The share of large borrowal accounts[9] in total advances of SCBs declined to 43.9 per cent at end-March 2024 from 46.5 per cent at the end of the previous year. The special mention accounts-1 (SMA-1)[10] ratio declined for both

Chart IV.16: Reduction in GNPAs





Source: Off-site returns (global operations) and annual accounts of banks.

8 Latest available supervisory data suggests that the GNPA ratio improved further to 2.5 per cent at end-September 2024.
9 Large borrowal accounts refer to accounts with total exposure of ₹ 5 crore and above.
10 SMA-1 indicates accounts with interest or principal payments overdue between 31-60 days.

Table IV.10: Movements in Non-Performing Assets by Bank Group

(Amount in ₹ crore)

	PSBs	PVBs	FBs	SFBs#	All SCBs
1	2	3	4	5	6
Gross NPAs					
Closing Balance for 2022-23	4,28,197	1,25,214	9,526	8,608	5,71,546
Opening Balance for 2023-24	4,28,197	1,25,214	9,526	8,608	5,71,546
Addition during the year 2023-24	84,435	1,16,801	5,199	7,152	2,13,587
Reduction during the year 2023-24	1,73,090	1,12,852	8,202	10,170	3,04,314
i. Recovered	43,018	25,794	3,513	2,348	74,673
ii. Upgradations	17,558	38,856	1,961	2,159	60,535
iii. Written-off	1,12,515	48,202	2,728	5,662	1,69,106
Closing Balance for 2023-24	**3,39,541**	**1,29,164**	**6,523**	**5,590**	**4,80,818**
Gross NPAs as per cent of Gross Advances*					
Closing Balance for 2022-23	5.0	2.3	1.9	4.7	3.9
Closing Balance for 2023-24	3.5	1.9	1.2	2.4	2.7
Net NPAs					
Closing Balance for 2022-23	1,02,532	29,510	1,656	1,622	1,35,320
Closing Balance for 2023-24	72,544	31,594	799	1,796	1,06,732
Net NPAs as per cent of Net Advances					
2022-23	1.2	0.5	0.3	0.9	0.9
2023-24	0.8	0.5	0.1	0.8	0.6

Notes: 1. #: Data pertain to scheduled SFBs.
2. *: Calculated by taking gross NPAs from annual accounts of respective banks and gross advances from off-site returns (global operations).

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

PVBs and PSBs, overall as well as for large borrowal accounts (Chart IV.17).

IV.34 Restructured accounts had increased significantly in 2021-22 due to resolution schemes (RSA 1.0 and RSA 2.0) introduced in the aftermath of the pandemic. Subsequently, reflecting the expiry of deadlines for invocation of the restructured standard advances (RSA) and also improvements in asset quality, the number of restructured accounts declined, for both PSBs and PVBs. The share of RSA in gross loans and advances declined overall as well as for large borrowal accounts. The share remained lower for PVBs than for PSBs (Chart IV.18).

Table IV.11: 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	2023	72,86,427	94.8	62,444	0.8	2,28,806	3.0	1,10,054	1.4
	2024	84,24,922	96.3	58,576	0.7	1,78,483	2.0	83,681	1.0
PVBs	2023	51,99,732	97.8	34,288	0.6	52,469	1.0	29,033	0.5
	2024	66,96,942	98.2	44,199	0.6	52,944	0.8	26,397	0.4
FBs	2023	4,89,212	98.1	1,697	0.3	6,648	1.3	1,182	0.2
	2024	5,39,598	98.8	1,344	0.2	4,228	0.8	950	0.2
SFBs**	2023	1,76,199	95.3	3,035	1.6	2,491	1.3	3,082	1.7
	2024	2,24,245	97.6	4,005	1.7	1,514	0.7	71	0.0
All SCBs	2023	1,31,51,571	96.1	1,01,465	0.7	2,90,414	2.1	1,43,351	1.0
	2024	1,58,85,707	97.2	1,08,125	0.7	2,37,169	1.5	1,11,099	0.7

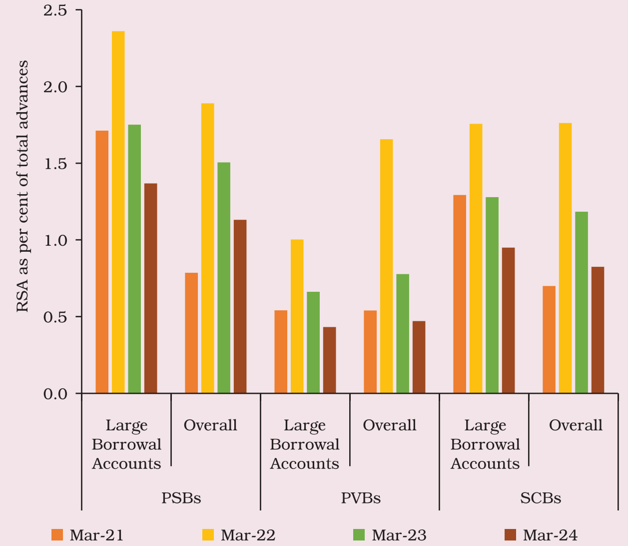
Notes: 1. *: As per cent of gross advances.
2. **: Data pertain to scheduled SFBs.

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

Chart IV.17: Overall Stress *vis-à-vis* Stress in Large Borrowal Accounts
(At end-March)

Note: The ratios for large borrowal accounts and overall accounts are calculated as percentage of their respective amounts outstanding.
Source: CRILC database and off-site returns (global operations), RBI.

Chart IV.18: Restructured Standard Advances Ratio



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

4.4 Recoveries

IV.35 During 2023-24, the number of cases referred for resolution declined across channels, except those under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act. The increase in the number of SARFAESI cases during 2023-24 reflected a low base as the number of cases had declined by 24.6 per cent during 2022-23. The Insolvency and Bankruptcy Code (IBC) remained the dominant mode of recovery, with a share of 48.1 per cent in total amount recovered in 2023-24 (Table IV.12). Under the IBC, the realisable value remained high at 161.1 per cent of liquidation value at end-September 2024.

IV.36 Banks also cleaned up their balance sheets through sale of NPAs to asset reconstruction companies (ARCs). During 2023-24, the ratio of asset sales to GNPAs declined to 5.8 per cent from 9.7 per cent in the previous year. Amongst bank groups, the ratio increased for PSBs and FBs due

Table IV.12: NPAs of SCBs Recovered through Various Channels

(Amount in ₹ crore)

Recovery Channel	2022-23				2023-24 (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	1,37,72,958	1,88,135	3,774	2.0	1,26,84,815	1,89,694	3,322	1.8
DRTs	56,198	4,02,753	39,785	9.9	31,414	1,06,887	16,202	15.2
SARFAESI Act	1,87,340	1,11,359	30,957	27.8	2,31,407	1,23,363	30,460	24.7
IBC @	1,262	1,38715	54,161	39.0	1,004	1,63,943	46,340	28.3
Total	**1,40,17,758**	**8,40,962**	**1,28,676**	**15.3**	**1,29,48,640**	**5,83,887**	**96,325**	**16.5**

Notes: 1. P: Provisional.
2. *: 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 the earlier years.
3. DRTs: Debt Recovery Tribunals.
4. @: Cases admitted by National Company Law Tribunals (NCLTs).

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

to higher sale to ARCs as well as moderation in GNPAs. In the case of PVBs, the decline in sales to ARCs outpaced the reduction in GNPAs, pulling the ratio down (Chart 19a). The acquisition cost of ARCs as a proportion of their book values of assets declined for the second consecutive year in 2023-24, suggesting lower realisable value of the assets (Chart IV.19b).

IV.37 Banks and FIs subscribed to 59.1 per cent of the total security receipts (SRs) issued at end-March 2024 as compared with 60.6 per cent a year ago and 62.5 per cent at end-March 2022, indicative of increasing diversification of investor base. The ratio of SRs issued to book value of assets acquired declined from 29.4 per cent during 2022-23 to 27.6 per cent during 2023-24. The SRs completely redeemed, an indicator of recovery through this mode, improved to 37.5 per cent of previous years' outstanding SRs during 2023-24 from 32.8 per cent during the previous year (Table IV.13).

Table IV.13: Details of Financial Assets Securitised by ARCs

(Amount in ₹ crore)

	Mar-22	Mar-23	Mar-24
1	2	3	4
Number of reporting ARCs	29	28	27
1. Book Value of Assets Acquired	6,29,314	8,39,126	10,25,429
2. Security Receipt issued by SCs/RCs	2,04,841	2,46,290	2,83,330
3. Security Receipts Subscribed to by			
(a) Banks	1,28,007	1,49,253	1,67,483
(b) SCs/RCs	41,350	49,519	57,201
(c) Financial Institutional Investors	15,069	19,383	21,518
(d) Others (Qualified Institutional Buyers)	20,415	28,135	37,128
4. Amount of Security Receipts Completely Redeemed	31,331	41,078	52,332
5. Security Receipts Outstanding	1,25,359	1,39,422	1,48,070

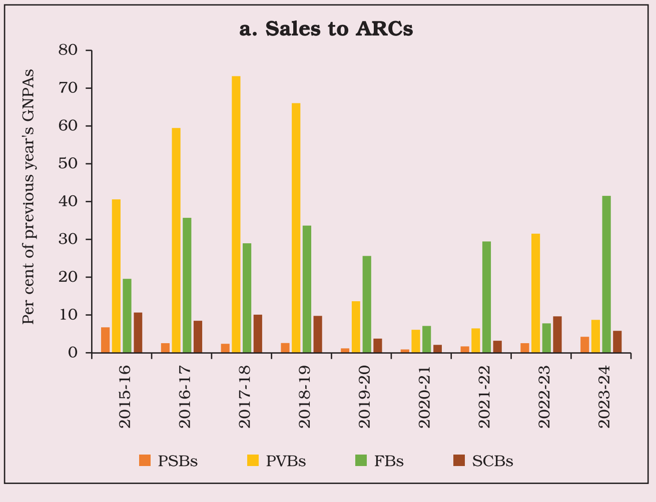
Notes: 1. Total as at the end of quarter (Cumulative/stock figures).
2. SCs- Securitisation Companies and RCs – Reconstruction Companies.

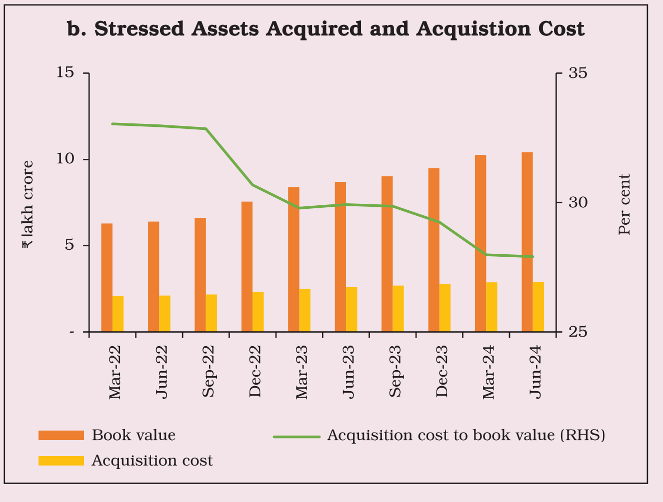
Source: Quarterly statements submitted by ARCs.

4.5 Frauds in the Banking Sector

IV.38 Frauds present multiple challenges for the financial system in the form of reputational risk, operational risk, business risk and erosion of customer confidence with financial stability implications. During 2023-24, based on date of reporting by banks, the amount involved in frauds was the lowest in a decade, while the average value was the lowest in 16 years (Appendix Table IV.7 and Table IV.14).

Chart IV.19: Stressed Asset sales to ARCs





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

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

(Amount in ₹ crore)

Area of Operation	2021-22		2022-23		2023-24		2023-24 (April-Sept.)		2024-25 (April-Sept.)	
	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	3,745	41,485	4,063	22,421	4,124	11,017	1,136	1,747	3,531	19,748
Off-balance Sheet	21	1,077	14	285	11	256	4	73	0	0
Forex Transactions	7	7	13	12	19	38	5	5	6	1
Card/Internet	3,596	155	6,699	277	29,082	1,457	12,069	630	13,133	514
Deposits	471	493	652	258	2,002	240	915	103	934	363
Inter-Branch Accounts	3	2	3	-	29	10	0	0	3	1
Cash	649	93	1,485	159	484	78	210	31	205	18
Cheques/DDs, *etc.*	201	158	118	25	127	42	60	14	49	54
Clearing Accounts, *etc.*	16	1	18	3	17	2	2	0	3	1
Others	300	100	472	423	171	35	79	20	597	667
Total	**9,009**	**43,571**	**13,537**	**23,863**	**36,066**	**13,175**	**14,480**	**2,623**	**18,461**	**21,367**

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. 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.

IV.39 Based on the date of occurrence of frauds, in 2023-24, the share of internet and card frauds in the total stood at 44.7 per cent in terms of amount and 85.3 per cent in terms of number of cases (Table IV.15).

IV.40 In 2023-24, the number of fraud cases reported by PVBs accounted for 67.1 per cent of the total (Chart IV.20a). In terms of amount involved, however, PSBs had the highest share (Chart IV.20b). In terms of number of frauds, the

Table IV.15: Frauds in Various Banking Operations Based on the Date of Occurrence

(Amount in ₹crore)

Area of Operation	Prior to 2021-22		2021-22		2022-23		2023-24		2024-25 (April - Sept.)	
	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	7,435	82,256	2,541	8,867	2,942	2,343	2,115	1,127	430	76
Off-balance Sheet	40	1,592	2	27	4	0	0	0	0	0
Forex Transactions	3	1	9	8	21	47	11	2	1	0
Card/Internet	1,078	165	4,395	173	11,979	626	27,604	1,214	7,454	225
Deposits	519	621	456	122	716	200	1,903	230	465	182
Inter-Branch Accounts	6	2	8	1	20	1	4	9	0	0
Cash	284	52	941	101	1,047	116	455	71	96	8
Cheques/DDs, *etc.*	108	156	169	29	107	22	89	36	22	36
Clearing Accounts, *etc.*	9	1	19	4	14	1	12	2	0	0
Others	314	227	216	84	382	268	177	26	451	619
Total	**9,796**	**85,073**	**8,756**	**9,416**	**17,232**	**3,624**	**32,370**	**2,717**	**8,919**	**1,146**

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 2021-22 till September 30, 2024.
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. 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.

Chart IV.20: Bank Group-wise Frauds

Notes: 1. Frauds based on date of reporting.
2. Others include clearing accounts, foreign exchange transactions, inter-branch accounts, non-resident accounts, off balance sheet.

Source: RBI.

share of card and internet frauds was highest for all bank groups in 2023-24 (Chart IV.20c).

4.6 Enforcement Actions

IV.41 Instances of penalty imposed on regulated entities (REs) increased during 2023-24 across all bank groups, except FBs and SFBs. The total penalty amount more than doubled in 2023-24, led by public and private sector banks. The amount of penalty imposed on co-operative banks declined during the year, while there was an increase in instances of penalty imposition (Table IV.16).

Table IV.16: Enforcement Actions

Regulated Entity	2022-23		2023-24	
	Instances of imposition of penalty	Total Penalty (₹ crore)	Instances of imposition of penalty	Total Penalty (₹ crore)
1	2	3	4	5
Public Sector Banks	7	3.6	16	23.7
Private Sector Bank	7	12.2	12	24.9
Co-operative Banks	176	14.0	215	12.1
Foreign Banks	5	4.7	3	7.0
Payments Banks	-	-	1	5.4
Small Finance Banks	2	1.0	1	0.3
Regional Rural Banks	1	0.4	4	0.1
NBFCs	11	4.4	22	11.5
HFCs	2	0.1	3	0.1
CICs	-	-	4	1.0
Total	**211**	**40.4**	**281**	**86.1**

Source: RBI.

5. Sectoral Bank Credit: Distribution and NPAs

IV.42 Bank credit growth in 2023-24 was broad-based, led by services sector and personal loans segment, followed by agriculture and industry (Table IV.17)[11]. To address the build-up of any risks due to high growth in certain sub-segments of consumer credit and increasing dependence of NBFCs on banks' borrowings, the Reserve Bank on November 16, 2023 tightened lending norms in these sectors[12]. Bank credit growth to segments like consumer durables, credit card receivables and lending to NBFCs, for which risk weights were increased, has moderated.

Table IV.17: 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-23	Mar-24	Oct-24
1. Agriculture and Allied Activities	**17,26,410**	**20,71,251**	**22,05,299**	**15.4**	**20.0**	**15.5**
2. Industry (Micro and Small, Medium and Large)	**33,66,406**	**36,52,804**	**37,74,252**	**5.8**	**8.5**	**7.9**
		(36,35,810)	**(37,59,186)**		**(8.0)**	**(8.0)**
2.1. Micro and Small	6,33,289	7,26,315	7,49,790	13.1	14.7	10.0
2.2. Medium	2,68,286	3,03,998	3,35,822	12.3	13.3	19.6
2.3. Large	24,64,831	26,22,490	26,88,640	3.5	6.4	6.0
3. Services, *of which*	**37,18,805**	**45,92,227**	**47,84,938**	**19.5**	**23.5**	**12.7**
		(44,90,467)	**(47,04,550)**		**(20.8)**	**(14.1)**
3.1. Transport Operators	1,92,059	2,30,175	2,46,407	14.7	19.8	15.0
3.2. Computer Software	24,924	25,917	30,581	7.1	4.0	24.0
3.3. Tourism, Hotels and Restaurants	69,342	77,513	79,732	3.3	11.8	5.4
3.4. Trade	8,72,340	10,25,752	10,79,498	18.5	17.6	12.4
3.5. Commercial Real Estate	3,22,591	4,69,013	5,07,671	8.4	45.4	13.9
		(4,00,470)	(4,52,869)		(24.1)	(26.0)
3.6. Non-Banking Financial Companies (NBFCs)	13,42,539	15,48,027	15,36,655	29.9	15.3	6.4
4. Personal Loans, *of which*	**41,82,767**	**53,31,290**	**56,47,476**	**20.7**	**27.5**	**12.9**
		(49,19,468)	**(52,78,594)**		**(17.6)**	**(15.8)**
4.1. Consumer Durables	20,985	23,713	23,640	17.7	13.0	6.6
4.2. Housing (Including Priority Sector Housing)	19,91,164	27,18,715	28,71,845	14.5	36.5	12.1
		(23,31,935)	(25,25,138)		(17.1)	(17.8)
4.3. Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits *etc.*)	1,22,484	1,25,239	1,27,533	46.4	2.2	10.9
4.4. Advances to Individuals against Shares, Bonds, *etc.*	7,633	8,492	9,060	12.1	11.3	16.0
4.5. Credit Card Outstanding	2,04,708	2,57,016	2,81,392	32.5	25.6	16.9
4.6. Education	96,482	1,19,380	1,30,309	15.3	23.7	17.6
4.7. Vehicle Loans	5,01,979	5,89,251	6,16,405	24.0	17.4	11.4
4.8. Loans against Gold Jewellery	89,370	1,02,562	1,54,282	19.6	14.8	56.2
5. Bank Credit	**1,36,75,235**	**1,64,32,164**	**1,72,38,250**	**15.0**	**20.2**	**11.5**
		(1,59,01,477)	**(1,67,72,605)**		**(16.3)**	**(12.8)**
5.1 Non-food Credit	**1,36,55,330**	**1,64,09,083**	**1,72,19,596**	**15.4**	**20.2**	**11.5**
		(1,58,78,397)	**(1,67,53,951)**		**(16.3)**	**(12.8)**

Notes: 1. Data are provisional.
2. Data since July 28, 2023 include the impact of the merger of a non-bank with a bank. Figures in parentheses exclude the impact of the merger.
3. NBFCs include HFCs, PFIs, microfinance Institutions (MFIs), NBFCs engaged in gold loan and others.

Source: RBI.

[11] Bank 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.

[12] Risk weight for consumer credit exposure of commercial banks (outstanding as well as new) was increased for personal loans, excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, by 25 percentage points to 125 per cent. Moreover, risk weight for credit card receivables of SCBs was increased by 25 percentage points to 150 per cent. Risk weight for lending to NBFCs was increased by 25 percentage points.

IV.43 The shares of services and personal loans segments in total credit have grown from 21.9 per cent and 17.1 per cent, respectively, at end-March 2013 to 27.9 per cent and 32.4 per cent, respectively, at end-March 2024[13]. Credit diversification can help banks improve their profitability (Box IV.3).

Box IV.3: Impact of Credit Diversification on Banks' Profitability

Portfolio diversification reduces financial intermediation cost of banks and can enhance their profitability (Diamond 1984). Sectoral credit diversification, however, can also lead to scale inefficiency which can reduce banks' profitability (Acharya, 2006). Empirical evidence of the impact of sectoral credit diversification on bank profitability is, therefore, mixed (Mulwa, 2018).

The impact of diversification on banks' profitability is examined in a fixed effect panel framework (Eq. 1) using quarterly data for 12 public and 19 private sector banks for the period March 2015 to December 2023.

$$NIM_{it} = \beta_{i0} + \beta_1 D_{it} + \gamma V_{it} + \epsilon_{it} \qquad \text{(Eq. 1)}$$

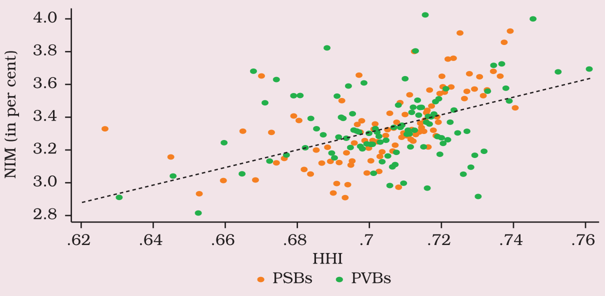
where, NIM_{it} is the net interest margin of bank *i* at time *t*, D_{it} is the diversification measure of bank *i* at time *t*, V_{it} is a vector of control variables including bank assets, GNPA ratio, credit growth and IIP growth. Drawing from literature, two diversification indices are constructed, the first using the Hirschman-Herfindahl methodology and the other using Shannon Entropy.

$$HHI_{it} = 1 - \sum_{i=1}^{n} s_{it}^2 \; ; \; Entropy_{it} = -\sum_{i=1}^{n} s_{it} \ln(s_{it})$$

where s_{it} is the share of each sector[14] in total credit of bank *i* at time *t*. Higher value of each of the indices indicates higher portfolio diversification. The scatter plot suggests a positive relationship between portfolio diversification and banks' profitability (Chart IV.3.1).

The results indicate a positive and significant relationship between NIM and diversification indices, suggesting that portfolio diversification has benefitted banks in terms of profitability. Additionally, asset quality, measured by the GNPA ratio, is negatively correlated with NIM. The differential impact of credit diversification on profitability of PVBs *vis-à-vis* PSBs, measured by the interaction of the private bank dummy with the diversification indices (PVB*HHI and PVB*Entropy), is found to be insignificant. This suggests a symmetric impact of credit diversification on profitability of both PVBs and PSBs (Table IV.3.1).

Chart IV.3.1: HHI and Net Interest Margin



Notes: Scatter graph is plotted after absorbing panel fixed effects.
Source: RBI staff estimates.

Table IV.3.1: Regression Results

Variables	Dependent variable: Net interest margin			
	(1)	(2)	(3)	(4)
Lag (HHI)	3.096*** (0.957)	2.201 (1.319)		
Lag (entropy)			1.712*** (0.423)	1.595* (0.790)
Lag (log assets)	0.0404 (0.372)	-0.000524 (0.364)	-0.0168 (0.379)	-0.0248 (0.370)
Lag (GNPA ratio)	-0.0307*** (0.00544)	-0.0309*** (0.00542)	-0.0308*** (0.00548)	-0.0309*** (0.00549)
Lag (credit growth) (y-o-y)	0.00392 (0.00246)	0.00429 (0.00251)	0.00413 (0.00246)	0.00419 (0.00248)
AQR dummy	-0.183*** (0.0455)	-0.190*** (0.0494)	-0.189*** (0.0463)	-0.190*** (0.0509)
Covid dummy	-0.00876 (0.0366)	-0.00214 (0.0348)	-0.00777 (0.0365)	-0.00632 (0.0353)
Lag (PVB*HHI)		1.345 (1.671)		
Lag (PVB*Entropy)				0.149 (0.911)
Log(IIP)	1.337** (0.508)	1.402** (0.528)	1.348** (0.509)	1.364** (0.533)
Constant	-1.573 (1.495)	-1.441 (1.426)	-1.326 (1.498)	-1.283 (1.398)
Observations	1,081	1,081	1,081	1,081
R-squared	0.738	0.738	0.739	0.739
Fixed Effects	Yes	Yes	Yes	Yes
Number of Banks	31	31	31	31

Notes: 1. Figures in parentheses indicate robust standard errors.
2. ***, ** and * represent 1 per cent, 5 per cent and 10 per cent levels of significance, respectively.
3. Covid dummy takes value 1 during the quarters ending March 2020 to March 2022 and zero otherwise.
4. AQR dummy takes value 1 during the quarters ending September 2015 to March 2018 and zero otherwise.

Source: RBI staff estimates.

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[13] Data for March 2024 are inclusive of merger of a non-bank with a private sector bank. Exclusive of merger, the shares at end-March 2024 were: services 28.2 per cent and personal loans 30.5 per cent.

[14] Sectors include agriculture, industry, services, and personal loans.

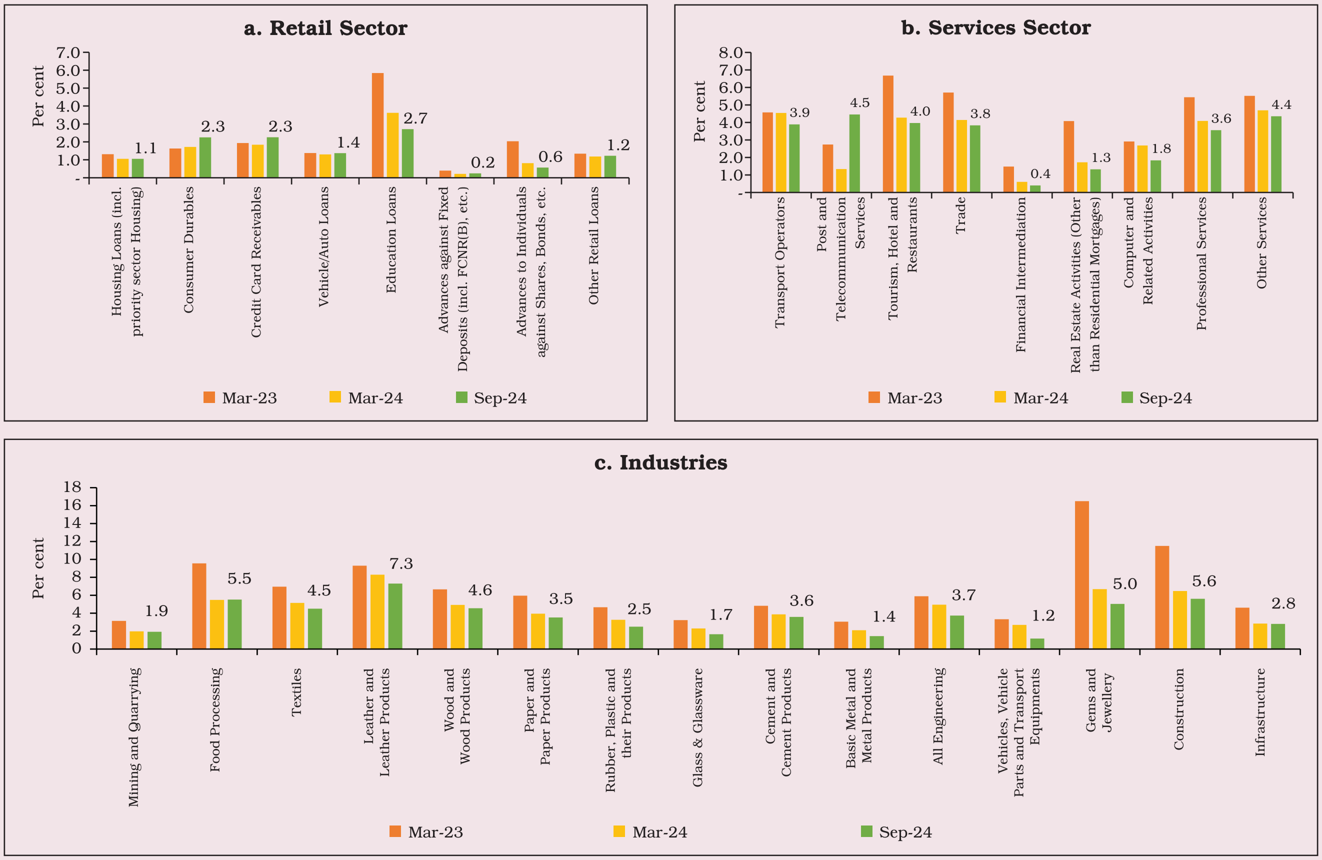
IV.44 The GNPA ratio remained the highest for the agricultural sector (6.2 per cent) and the lowest for retail loans (1.2 per cent) at end-September 2024. The asset quality of the industrial sector has been improving since March 2018, with the GNPA ratio declining to 2.9 per cent at end-September 2024. The GNPA ratio of sectoral credit across bank groups has converged over the years (Chart IV.21).

IV.45 The GNPA ratio of education loans fell from 5.8 per cent at end-March 2023 to 3.6 per cent at end-March 2024 and 2.7 per cent at end-September 2024 but it remained the highest across retail loan segments, followed by credit card receivables and consumer durables (Chart IV.22a). In the services sector, the GNPA ratio of tourism, hotel and restaurants sector remained elevated, notwithstanding a decline from 6.7 per cent at end-March 2023 to 4.3 per cent at end-March 2024 and 4.0 per cent at end-September 2024 (Chart IV.22b). Among the industrial sub-sectors, the GNPA ratio of the gems and jewellery segment moderated from 16.5 per cent at end-March 2023 to 6.7 per cent in March 2024 and 5.0 per cent at end-September 2024, partly reflecting higher recoveries. At end-September 2024, the leather and leather products industry had the highest GNPA ratio of 7.3 per cent, despite some recent improvement (Chart IV.22c).

Chart IV.21: Sectoral GNPA Ratios

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

Chart IV.22: GNPA Ratio in Various Sub-Sectors



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

5.1 Credit to the MSME Sector

IV.46 Credit growth of PVBs to the micro, small and medium-sized enterprise (MSME) sector has consistently remained in double digits, reaching 28.7 per cent in 2023-24. Outstanding credit by SCBs to the MSME sector increased to ₹27.25 lakh crore, accounting for 19.3 per cent of the total adjusted net bank credit (ANBC) at end-March 2024.

IV.47 The number of MSME credit accounts of SCBs increased during 2023-24, reversing the trend during the period 2020-21 to 2022-23. The growth in the amount of credit to the MSMEs was marginally higher than the growth in the number of accounts, resulting in an increase in average credit (Table IV.18).

5.2 Priority Sector Credit

IV.48 SCBs' priority sector lending rose by 16.9 per cent in 2023-24 from 10.8 per cent in the previous year, with a step up in growth among both PVBs (to 23.5 per cent from 15.7 per cent) and PSBs (to 12.3 per cent from 7.1 per cent). All bank groups managed to achieve their overall priority sector lending targets and sub-targets (Table IV.19). The amount outstanding under operative *Kisan* Credit Cards (KCC) also registered an improvement in growth to 10.7 per cent during 2023-24 from 8.8 per cent in the previous year, mainly led by the southern region. The southern region also had the highest share of amount outstanding under KCC. Although its growth decelerated to 13.2 per cent during

Table IV.18: Credit Flow to the MSME sector by SCBs

(Number of accounts in lakh, amount outstanding in ₹ crore)

		2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	7
Public Sector Banks	No. of accounts	111	151	150	139	144
		(-1.9)	(36.1)	(-0.7)	(-7.4)	(4.2)
	Amount Outstanding	8,93,315	9,08,659	9,55,860	10,84,953	12,22,687
		(1.5)	(1.7)	(5.2)	(13.5)	(11.3)
Private Sector Banks	No. of accounts	271	267	113	73	110
		(31.8)	(-1.4)	(-57.7)	(-35.2)	(50.2)
	Amount Outstanding	6,46,988	7,92,042	9,69,844	10,89,833	14,02,324
		(14.8)	(22.4)	(22.4)	(12.4)	(28.7)
Foreign Banks	No. of accounts	3	3	2	2	3
		(14.1)	(-5.1)	(-19.0)	(-26.3)	(72.9)
	Amount Outstanding	73,279	83,224	85,352	85,349	1,00,261
		(9.5)	(13.6)	(2.6)	(0.0)	(17.5)
All SCBs	No. of accounts	384	420	265	213	257
		(19.8)	(9.4)	(-37.0)	(-19.4)	(20.5)
	Amount Outstanding	16,13,582	17,83,925	20,11,057	22,60,135	27,25,272
		(6.8)	(10.6)	(12.7)	(12.4)	(20.6)

Note: Figures in the parentheses indicate y-o-y growth rates.
Source: RBI.

2023-24 from 18.3 per cent in the previous year, it remained above the all-India expansion rate (Appendix Table IV.8).

IV.49 The total trading volume of priority sector lending certificates (PSLCs) grew by 25.5 per cent during 2023-24, primarily led by PSLC-General.

Table IV.19: Priority Sector Lending by Banks
(At end-March 2024)

(Amount in ₹ crore)

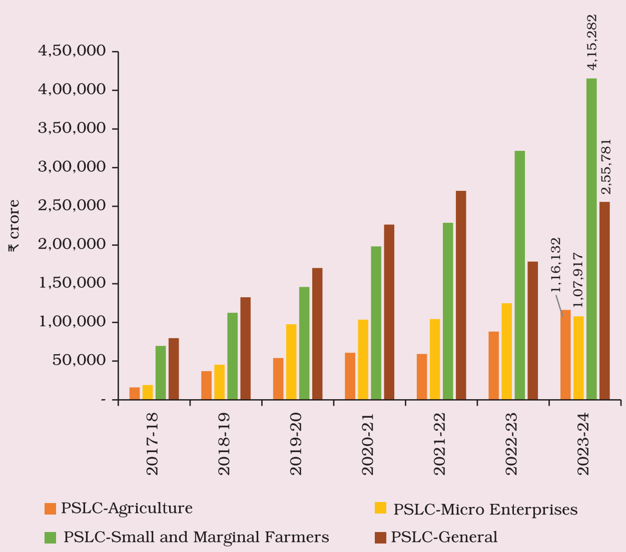
Item	Target/ sub-target (per cent of ANBC/ CEOBE)	Public Sector Banks		Private Sector Banks		Foreign Banks		Small Finance Banks		Scheduled Commercial Banks	
		Amount outstanding	Per cent of ANBC/ CEOBE	Amount outstanding	Per cent of ANBC/ CEOBE	Amount outstanding	Per cent of ANBC/ CEOBE	Amount outstanding	Per cent of ANBC/ CEOBE	Amount outstanding	Per cent of ANBC/ CEOBE
1	2	3	4	5	6	7	8	9	10	11	12
Total Priority Sector Advances	**40/75***	**31,85,092**	**42.6**	**24,09,329**	**47.4**	**2,51,550**	**41.6**	**1,31,967**	**90.6**	**59,77,938**	**45.0**
of which											
Total Agriculture	18.0	14,25,554	19.1	9,51,089	18.7	49,700	18.6	38,964	26.8	24,65,307	19.0
Small and Marginal Farmers	10.0	8,32,757	11.2	5,05,484	10.0	29,309	11.0	26,517	18.2	13,94,068	10.8
Non-corporate Individual Farmers#	13.8	11,05,493	14.8	7,08,677	14.0	29,435	14.2	36,962	25.4	18,80,568	14.6
Micro Enterprises	7.5	5,97,854	8.0	5,17,925	10.2	22,682	8.5	47,494	32.6	11,85,956	9.2
Weaker Sections	12.0	10,53,784	14.1	6,37,014	12.5	32,284	12.1	52,146	35.8	17,75,229	13.7

Notes:
1. Amount outstanding and achievement percentage are based on the average achievement of banks for four quarters of the financial year.
2. *: Total priority sector lending target for Small Finance Banks is 75 per cent.
3. #: Target for non-corporate farmers is based on the system-wide average of the last three years' achievement. For financial year 2023-24, the applicable system wide average figure is 13.78 percent.
4. For foreign banks having less than 20 branches, only the total PSL target of 40 per cent is applicable.
5. Data are provisional.

Source: RBI.

Among the four PSLC categories, the small and marginal farmers (SMF) category registered the highest trading volume, partly reflecting specialisation by a few banks in lending to this category of borrowers and the inability of other banks to meet sub-targets through direct lending (Chart IV.23).

Chart IV.23: Trading Volume of PSLCs



Source: RBI.

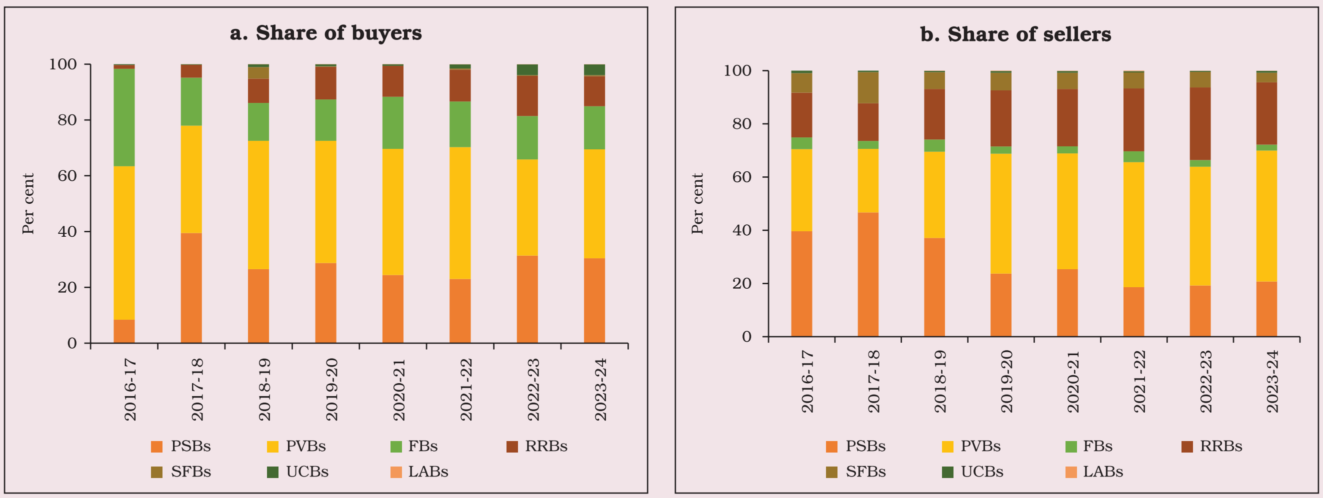
IV.50 In the last five years, PVBs have emerged as major sellers of PSLCs. In 2023-24, PVBs accounted for 49.2 per cent of total sales as compared with 20.7 per cent in the case of PSBs (Chart IV.24).

IV.51 Over the last three years, the weighted average premium (WAP) has declined for all categories, except for PSLC-SMF. This could be reflective of, *inter alia*, lower demand for PSLC-micro enterprises as banks make inroads into lending to micro enterprises to meet the PSL sub-targets organically (Table IV.20).

IV.52 The GNPA ratio of priority sector lending declined to 4.4 per cent at end-March 2024 from 5.4 per cent at end-March 2023. Nonetheless, the share of the priority sector in total GNPA of SCBs increased to 57.3 per cent at end-March 2024 from 51.1 per cent at end-March 2023, as NPAs in the non-priority sector declined more sharply. NPAs in the priority sector were led by agricultural defaults.

IV.53 While PSBs extended 42.6 per cent of their ANBC/ credit equivalent of off-balance sheet exposure (CEOBE) to the priority sector, this portfolio contributed 64.2 per cent to their total

Chart IV.24: Buyers and Sellers in PSLC Market



Source: RBI.

Table IV.20: Weighted Average Premium on Various Categories of PSLCs

(Per cent)

	2020-21	2021-22	2022-23	2023-24	2023-24 (Apr-Jun)	2024-25 (Apr-Jun)
1	2	3	4	5	6	7
PSLC-Agriculture	1.55	1.37	0.62	0.24	0.27	0.24
PSLC-Micro Enterprises	0.88	0.95	0.16	0.04	0.12	0.01
PSLC-Small and Marginal Farmers	1.74	2.01	1.68	1.74	1.98	1.97
PSLC-General	0.46	0.6	0.19	0.02	0.02	0.01

Source: RBI.

NPAs. In the case of SFBs, the priority sector comprises 90.6 per cent of their ANBC/CEOBE; its share in their total NPAs rose significantly to 72.1 per cent in 2023-24 from 42.1 per cent in the previous year (Table IV.21).

5.3 Credit to Sensitive Sectors

IV.54 Banks' exposure to the capital market and real estate is reckoned as sensitive in view of the risks inherent in fluctuations in asset prices. Data compiled using annual accounts of banks suggest that at end-March 2024 PSBs' exposure to these sectors was 22.1 per cent of their total loans and advances, marginally higher than 21.7 per cent a year ago. PVBs' exposure to sensitive sectors increased to 34.7 per cent of their total loans and advances from 27.8 per cent a year ago, largely reflecting the merger impact. The growth of capital market exposure of SCBs accelerated to 31.3 per cent during 2023-24 from 20.2 per cent in the previous year, contributed by both the bank groups. (Chart IV.25a and b and Appendix Table IV.9).

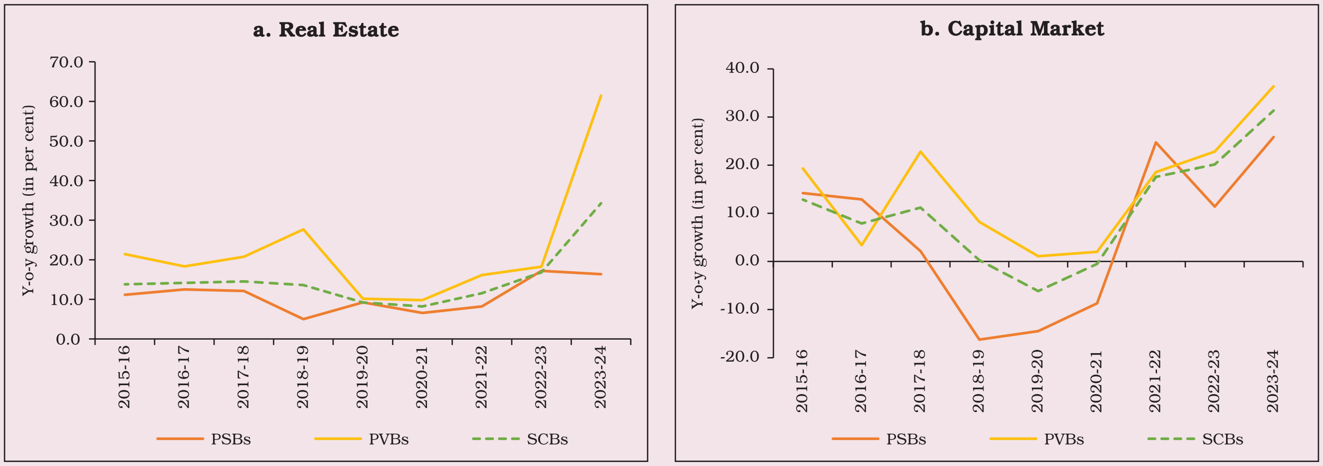
Table IV.21: Sector-wise GNPAs of Banks
(At end-March)

(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												
2023	2,25,638	56.2	1,14,409	28.5	80,577	20.1	30,652	7.6	1,75,666	43.8	4,01,304	100.0
2024	2,05,777	64.2	1,06,451	33.2	75,278	23.5	24,049	7.5	1,14,963	35.8	3,20,740	100.0
PVBs												
2023	42,321	36.5	19,999	17.3	14,569	12.6	7,752	6.7	73,470	63.5	1,15,791	100.0
2024	49,986	40.5	21,211	17.2	18,340	14.8	10,435	8.4	73,553	59.5	1,23,540	100.0
FBs												
2023	2,149	22.6	221	2.3	1,542	16.2	386	4.1	7,377	77.4	9,526	100.0
2024	1,795	27.5	162	2.5	1,315	20.2	318	4.9	4,728	72.5	6,523	100.0
SFBs												
2023	3,621	42.1	1,397	16.2	1,054	12.2	1,170	13.6	4,987	57.9	8,608	100.0
2024	4,031	72.1	1,878	33.6	1,137	20.3	1,015	18.2	1,560	27.9	5,590	100.0
All SCBs												
2023	2,73,729	51.1	1,36,026	25.4	97,742	18.3	39,960	7.5	2,61,500	48.9	5,35,229	100.0
2024	2,61,589	57.3	1,29,701	28.4	96,070	21.0	35,817	7.8	1,94,804	42.7	4,56,393	100.0

Note: Per cent: Per cent of total NPAs.
Source: Off-site returns (domestic operations), RBI.

Chart IV.25: Exposure to Sensitive Sectors
(At end-March)



Source: Annual accounts of banks.

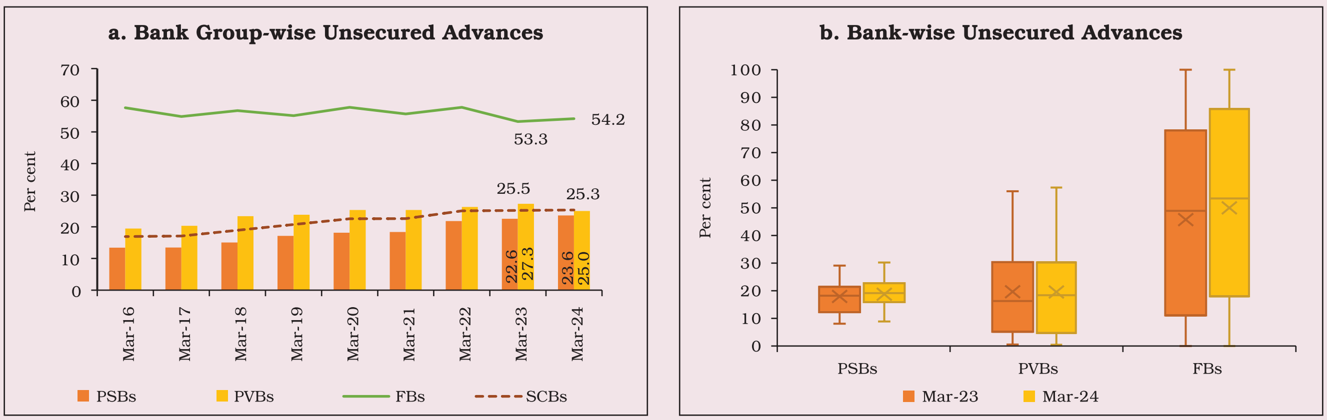
5.4 *Unsecured lending*

IV.55 Unsecured loans, characterised by absence or inadequacy of collateral, present higher credit risk for banks in the event of a default. The share of unsecured loans in total credit of SCBs had been increasing since end-March 2015, touching 25.5 per cent by end-March 2023. This share declined marginally to 25.3 per cent at end-March 2024, mainly led by PVBs, reflecting, *inter alia*, the impact of the Reserve Bank's November 2023 measures to contain build-up of risk in these sectors (Chart IV.26a). Among various bank groups, PSBs had the lowest share of unsecured advances, followed by PVBs. The mean, median as well as dispersion of bank-wise exposure to unsecured loans was the highest amongst FBs (Chart IV.26b).

6. Ownership Pattern in Commercial Banks

IV.56 The ownership pattern of banks plays a crucial role in governance, stability, and overall

Chart IV.26: Share of Unsecured Advances



Notes: 1. Data exclude regional rural banks.
2. The whiskers of the boxplots are indicative of maximum and minimum values. A colored box shows distance between first quantile and third quantile. Horizontal line in each box shows the median, while 'X' shows the mean.
Source: Annual accounts of banks.

performance of banks. During 2023-24, the central government brought down its stake in Bank of India, Indian Bank and Union Bank of India to below 75 per cent (Chart IV.27a). With this, seven PSBs met the minimum public shareholding norm at end-March 2024. The Government, *vide* its notification dated July 19, 2024, granted exemption upto August 1, 2026 to five PSBs that are yet to meet the criterion. PVBs have a more diversified ownership pattern (Chart IV.27b).

IV.57 During 2023-24, non-resident ownership of banks remained within the limits of 74 per cent for PVBs, LABs and SFBs, and 20 per cent for PSBs (Appendix Table IV.10).

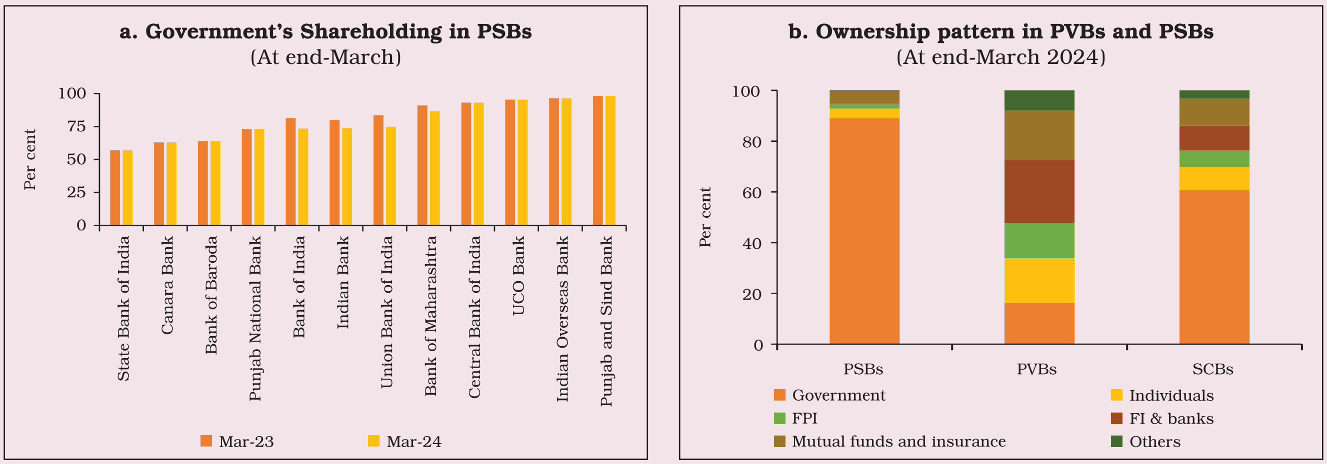
7. Corporate Governance

IV.58 Corporate governance is critical for efficiency in allocation of resources, protection of depositors' interest, and maintenance of financial stability. The Reserve Bank on April 26, 2021 laid down norms 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[15].

7.1 Composition of Boards

IV.59 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. At end-March 2024, for both PVBs and SFBs, the share of independent directors in the board and its committee was well above the stipulated threshold (Table IV.22)[16].

Chart IV.27: Ownership Pattern of Banks



Note: SCBs include 12 PSBs, 21 PVBs, 12 SFBs and 6 PBs.
Source: RBI and BSE website.

15 These instructions were made applicable to all PVBs (including SFBs) and wholly owned subsidiaries of FBs. In respect of State Bank of India and Nationalised Banks, these guidelines were specified to apply only to the extent that they were not inconsistent with provisions of specific statutes applicable to them, or instructions issued under the statutes.

16 Instructions on corporate governance issued by the Reserve Bank on April 26,2021, *inter alia*, mandate 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 RMCB; at least two-thirds of the members attending the meeting of the Audit Committee of the Board shall be independent directors.

Table IV.22: Independent Directors on the Board and its Committees
(At end-March)

(Share in per cent)

	Board		Risk Management Committee of Board (RMCB)		Nomination and Remuneration Committee (NRC)		Audit Committee of the Board (ACB)	
	2023	2024	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8	9
PVBs	65	65	67	70	78	85	83	87
SFBs	68	67	76	73	83	79	83	82

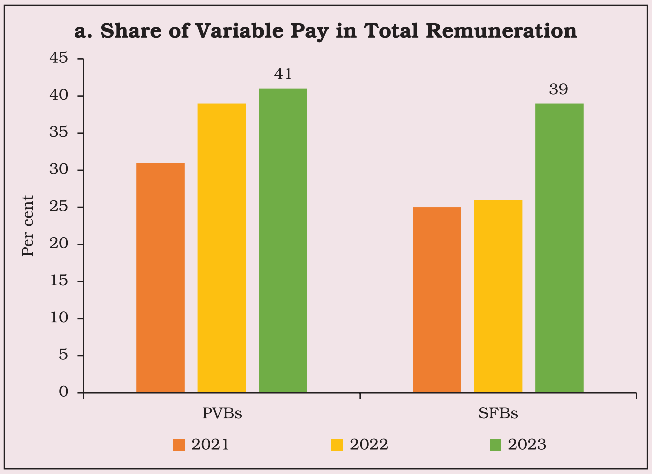
Source: Annual report and websites of banks.

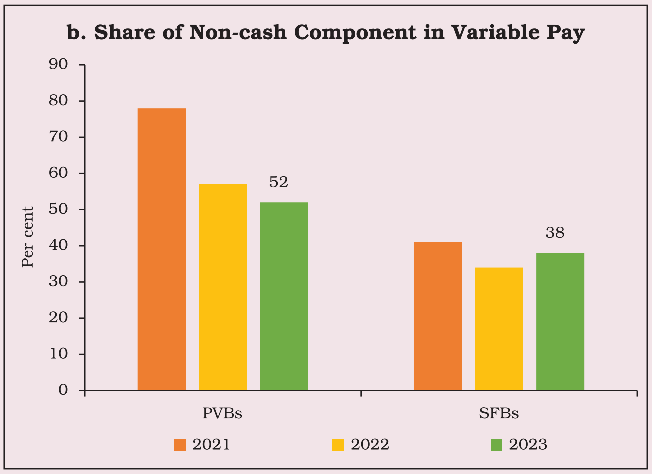
IV.60 Banks are required to constitute a Risk Management Committee of Board (RMCB), with a majority of non-executive directors. The chair of the board may be a member of the RMCB only if he/she has the requisite risk management expertise. The proportion of PVBs in which the chair is not a member of the RMCB was unchanged at 38 per cent at end-March 2024. For SFBs, the proportion decreased from 42 per cent at end-March 2023 to 33 per cent at end-March 2024.

7.2 Executive Compensation

IV.61 To maintain balance between short-term risk-taking and long-term stability, the Reserve Bank's revised guidelines of November 2019 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[17]. Further the guidelines stipulate that if target variable pay (TVP) is up to 200 per cent (above 200 per cent) of fixed pay then minimum 50 per cent (67 per cent) of TVP shall be paid *via* non-cash components. During 2022-23, the share of actual variable pay (VP) in total remuneration improved for both PVBs and SFBs, (Chart IV.28a). The share of the non-cash component in the actual VP moderated to 52 per cent for PVBs and increased to 38 per cent for SFBs (Chart IV.28b).

Chart IV.28: Components of Total Remuneration of MDs and CEOs
(At end-March)





Source: RBI.

[17] Guidelines on compensation of whole-time directors/ chief executive officers/ material risk takers and control function staff, issued on November 4, 2019, became effective for the pay cycles beginning from/after April 01, 2020. These guidelines are applicable to PVBs including LABs, SFBs and PBs, and FBs operating in India through branches and wholly owned subsidiary.

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

IV.62 During 2023-24, the number of FBs operating in India increased as one of the foreign banks, which previously had only a representative office, opened a fully functioning bank branch. However, the number of FBs' branches declined for the third consecutive year, reflecting re-alignment of global strategy and business value optimisation (Table IV.23).

IV.63 Indian banks conduct their overseas operations primarily through branches (Chart IV.29). During 2023-24, PSBs rationalised their overseas presence by closing non-viable branches, whereas overseas presence of PVBs remained unchanged (Appendix Table IV.11).

9. Payment Systems and Scheduled Commercial Banks

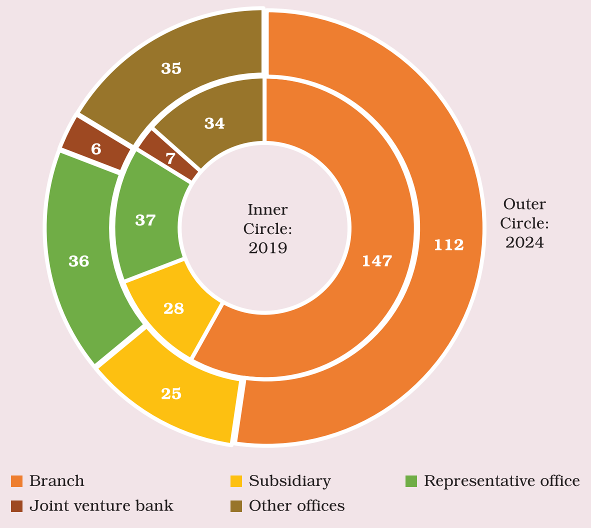
IV.64 India's payment systems have evolved rapidly, embracing both innovation and inclusivity to cater to a diverse population while also maintaining high safety standards. The landscape combines traditional banking channels with cutting-edge digital solutions, enabling secure, quick, and convenient transactions. This transformation has been driven by technological advancements, a robust regulatory framework, and policy initiatives aimed at promoting cashless transactions and financial inclusion.

Table IV.23: Operations of Foreign Banks in India

	Foreign banks operating through branches/WOS		Foreign banks having representative offices
	No. of Banks	Branches#	
1	2	3	4
Mar-21	45	874	36
Mar-22	45	861	34
Mar-23	44	782	33
Mar-24	45	780	31

Note: #: Including branches of two foreign banks, *viz.*, SBM Bank (India) Limited and DBS Bank India Limited, which are operating through Wholly Owned Subsidiary (WOS) mode.
Source: RBI.

Chart IV.29: Overseas Operations of Indian Banks
(At end-March)



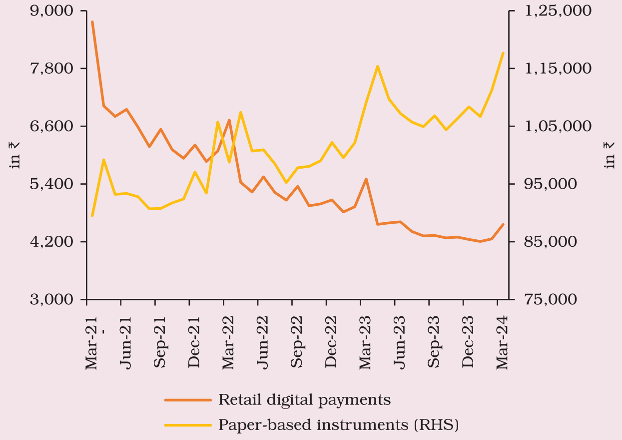
Source: RBI.

9.1 Digital Payments

IV.65 During 2021-2024, digital payment methods registered a compound annual growth rate (CAGR) of 49.9 per cent in volume terms and 14.1 per cent in value terms. In contrast, paper-based instruments such as cheques and demand drafts contracted, with a CAGR of (-)10.1 per cent in volume terms and (-)1.6 per cent in value terms. The average value of retail digital payments has reduced from ₹8,769 in March 2021 to ₹4,560 in March 2024, with growing popularity of digital modes for small value payments (Chart IV.30).

IV.66 At end-March 2024, in terms of value, 97.1 per cent of the total payments were through digital mode. The Unified Payments Interface (UPI) has the majority share in volume of transactions, while real time gross settlements

Chart IV.30: Average Value of Retail Digital Payments *vis-à-vis* Paper-based Instruments



Notes: 1. Retail digital payments include NEFT, IMPS, UPI, NACH, BHIM Aadhar Pay, AePS fund transfer, NETC, card payments and prepaid payment instruments.
2. Paper-based instruments include cheques, demand drafts and others.

Source: RBI.

(RTGS) accounted for the largest share in terms of value (Table IV.24).

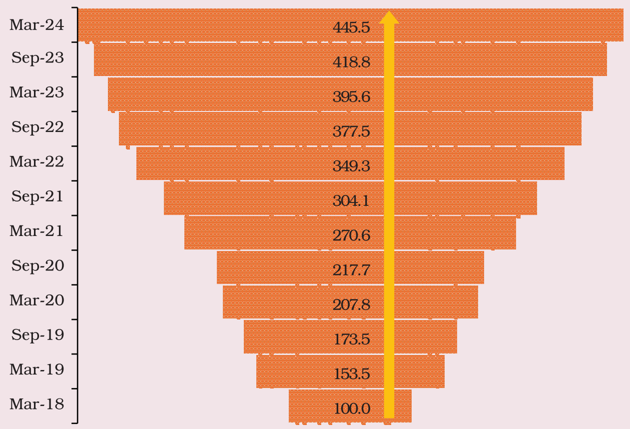
IV.67 The Reserve Bank launched a composite Digital Payments Index in January 2021 to measure the progress of digitalisation and assess the deepening and penetration of digital payments comprising five broad parameters: payment enablers; payment infrastructure – demand-side factors; payment infrastructure – supply-side factors; payment performance; and consumer centricity. The index is computed semi-annually with March 2018 as the base year. At end-March 2024, the index stood at 445.5 compared to 395.6 a year ago, driven by significant growth in payment performance and payment infrastructure across the country (Chart IV.31).

Table IV.24: Payment Systems Indicators

	Volume (lakh)			Value (₹ crore)		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
1	2	3	4	5	6	7
1. Large Value Credit Transfers – RTGS	2,078	2,426	2,700	12,86,57,516	14,99,46,286	17,08,86,670
2. Credit Transfers	5,77,935	9,83,621	14,86,107	4,27,28,006	5,50,09,620	6,75,42,859
2.1 AePS (Fund Transfers)	10	6	4	575	356	261
2.2 APBS	12,573	17,834	25,888	1,33,345	2,47,535	3,90,743
2.3 ECS	-	-	-	-	-	-
2.4 IMPS	46,625	56,533	60,053	41,71,037	55,85,441	64,95,652
2.5 NACH	18,758	19,257	16,227	12,81,685	15,41,815	15,25,104
2.6 NEFT	40,407	52,847	72,640	2,87,25,463	3,37,19,541	3,91,36,014
2.7 UPI	4,59,561	8,37,144	13,11,295	84,15,900	1,39,14,932	1,99,95,086
3. Debit Transfers and Direct Debits	12,189	15,343	18,250	10,34,444	12,89,611	16,87,658
3.1 BHIM Aadhaar Pay	228	214	194	6,113	6,791	6,112
3.2 ECS Dr	-	-	-	-	-	-
3.3 NACH	10,755	13,503	16,426	10,26,641	12,80,219	16,78,769
3.4 NETC (linked to bank account)	1,207	1,626	1,629	1,689	2,601	2,777
4. Card Payments	61,783	63,325	58,470	17,01,851	21,52,245	24,23,563
4.1 Credit Cards	22,399	29,145	35,610	9,71,638	14,32,255	18,31,134
4.2 Debit Cards	39,384	34,179	22,860	7,30,213	7,19,989	5,92,429
5. Prepaid Payment Instruments	65,783	74,667	78,775	2,79,416	2,87,111	2,83,048
6. Paper-based Instruments	6,999	7,109	6,632	66,50,333	71,72,904	72,12,333
Total Digital Payments (1+2+3+4+5)	**7,19,768**	**11,39,382**	**16,44,302**	**17,44,01,233**	**20,86,84,872**	**24,28,23,799**
Total Retail Payments (2+3+4+5+6)	**7,24,689**	**11,44,065**	**16,48,234**	**5,23,94,049**	**6,59,11,490**	**7,91,49,461**
Total Payments (1+2+3+4+5+6)	**7,26,767**	**11,46,491**	**16,50,934**	**18,10,51,565**	**21,58,57,776**	**25,00,36,131**

Source: RBI.

Chart IV.31: Digital Payments Index



Source: RBI.

9.2 ATMs

IV.68 During 2023-24, the total number of automated teller machines (ATMs) (on-site and off-site) declined moderately, primarily driven by PSBs and white-label ATMs (WLAs). At end-March 2024, PSBs and PVBs accounted for 61.6 per cent and 36.5 per cent, respectively, of total ATMs deployed by all SCBs (Table IV.25 and Appendix Table IV.12).

Table IV.25: Number of ATMs
(At end-March)

Bank Group	On-site ATMs		Off-site ATMs		Total Number of ATMs	
	2023	2024	2023	2024	2023 (2+4)	2024 (3+5)
1	2	3	4	5	6	7
PSBs	78,777	77,033	59,646	57,661	1,38,423	1,34,694
PVBs	41,426	45,438	35,549	34,446	76,975	79,884
FBs	612	603	612	566	1,224	1,169
SFBs*	2,797	3,042	24	26	2,821	3,068
PBs	1	0	62	0	63	0#
All SCBs	**1,23,613**	**1,26,116**	**95,893**	**92,699**	**2,19,506**	**2,18,815**
WLAs	0	0	35791	34602	35,791	34,602
Total	**1,23,613**	**1,26,116**	**1,31,684**	**1,27,301**	**2,55,297**	**2,53,417**

Notes: 1. *: Data pertain to 12 scheduled SFBs.
2. #: Significant decline due to closure of ATMs by a PB.
Source: RBI.

IV.69 At end-March 2024, the share of PSBs and PVBs in metropolitan ATMs was almost equal. In contrast, PSBs operated 78.7 per cent of ATMs in rural areas. The majority of WLAs (83.9 per cent) were concentrated in rural and semi-urban areas (Table IV.26).

Table IV.26: Geographical Distribution of ATMs: Bank Group-wise
(At end-March 2024)

Bank group	Rural	Semi-urban	Urban	Metropolitan	Total
1	2	3	4	5	6
Public Sector Banks	28,784 (78.7)	39,773 (63.9)	34,100 (62.1)	32,037 (49.2)	1,34,694 (61.6)
Private Sector Banks	7,400 (20.2)	21,207 (34.1)	19,607 (35.7)	31,670 (48.7)	79,884 (36.5)
Foreign Banks	112 (0.3)	317 (0.5)	320 (0.6)	420 (0.6)	1,169 (0.5)
Small Finance Banks*	282 (0.8)	938 (1.5)	896 (1.6)	952 (1.5)	3,068 (1.4)
Payments Banks	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
All SCBs	36,578 (100)	62,235 (100)	54,923 (100)	65,079 (100)	2,18,815 (100)
All SCBs (y-o-y growth)	0.15	0.97	-0.84	-1.25	-0.29
WLAs	17,496	11,550	3,766	1,790	34,602
WLAs (y-o-y growth)	-4.63	-0.28	-1.23	-12.64	-3.32

Notes: 1. Figures in parentheses indicate percentage share in total ATMs of SCBs in each geographical region.
2. *: Data pertain to 12 scheduled SFBs.
Source: RBI.

10. Technology Adoption and Scheduled Commercial Banks

IV.70 The banking sector has undergone profound transformation in recent years, driven by rapid advancements in technology. From digital payments to other technologies that have revolutionised the financial landscape, the growing interest in generative artificial intelligence (GenAI) and its integration into the financial sector has the potential to drive further advancements, fostering innovation, efficiency, and resilience for the benefit of the financial sector. A recent Reserve Bank survey indicates that banks in India are at a nascent stage in adoption of GenAI although majority of the respondents recognise its potential benefits (Box IV.4).

11. Consumer Protection

IV.71 With the advent of technology-based banking products and growing usage of these products by vulnerable sections of the society, consumer education and protection have assumed unprecedented importance. To this effect, the Reserve Bank administers an Alternate Grievance Redress (AGR) mechanism[18] and regulates the Internal Grievance Redressal mechanism (IGR) at the REs.

11.1 Grievance Redressal

IV.72 During 2023-24, the Centralised Receipt and Processing Centre (CRPC) and Offices of Reserve Bank of India Ombudsman (ORBIOs) received 9.34 lakh complaints, an increase of 32.8 per cent over the previous year. Of these complaints, 31.5 per cent were received by the ORBIOs and the rest were received at the CRPC. Majority of the complaints received by the ORBIOs during the year pertained to PSBs, although their share in the total declined (Chart IV.32).

IV.73 Structural changes in the Reserve Bank – Integrated Ombudsman Scheme (RB-IOS), effective November 2021, rationalised complaints categories, making 'deficiency in service' as the sole ground for lodging a complaint, with a specified list of exclusions. Hence, data on

Box IV.4: Adoption of Generative AI by Regulated Entities

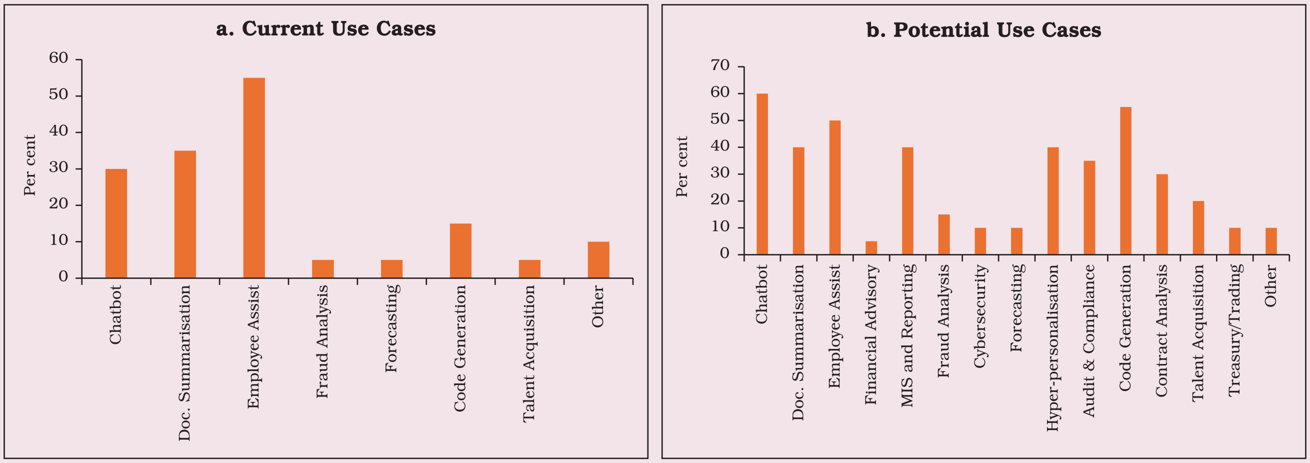
GenAI can perform routine and repetitive tasks effectively, and enhance the efficiency of operations, improve productivity and add to customer satisfaction. At the same time, it could also introduce new risks such as infringement of privacy, intentional misuse, introduction of biases or amplification of the existing risks like cyber security and third-party dependency. According to a survey conducted by the Reserve Bank in October 2024, 45 per cent of the respondent REs indicated that they were using it for tasks such as providing assistance to employees and document summarisation (Chart IV.4.1a). 55 per cent of the respondents, who were not leveraging GenAI when the survey was conducted, were considering its adoption in the near future for similar tasks (Chart IV.4.1b).

20 per cent of the adopters reported their preference for building models from scratch for specific uses. Extending the existing models *via* fine tuning and/or data retrieval was the most accepted approach (Chart IV.4.2). These strategies allow REs to tailor GenAI models for specific use cases, enhance performance and seamlessly incorporate AI capabilities into existing workflows.

(Contd.)

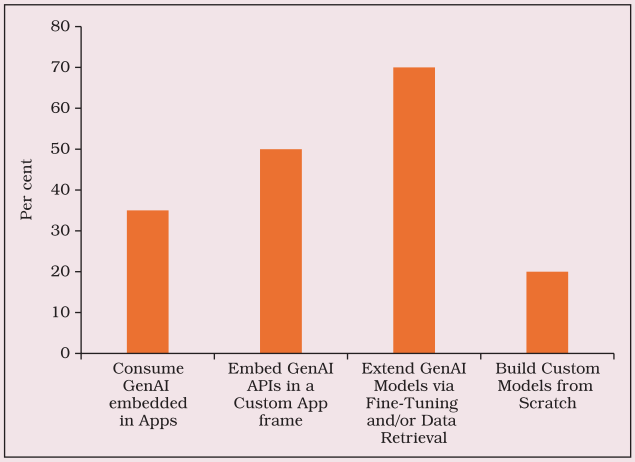
[18] The AGR Framework of the Reserve Bank comprises RBI Ombudsmen (RBIOs), Consumer Education and Protection Cells (CEPCs) and Consumer Education and Protection Department (CEPD). The RBIOs function under the framework of RB-IOS, 2021. The CEPCs take up complaints against REs not falling under the ambit of RB-IOS, 2021. CEPD provides assistance to the Appellate Authority (AA) under the RB-IOS and processes the appeal cases.

Chart IV.4.1: Adoption of GenAI in Regulated Entities



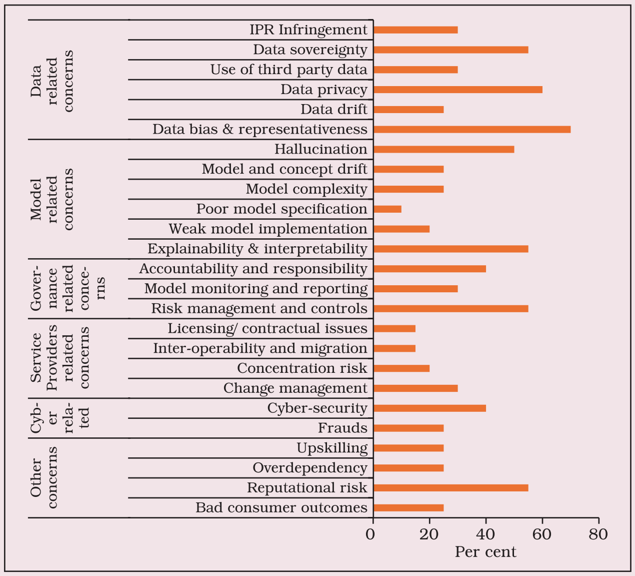
Note: In the survey, REs were allowed to choose more than one current or potential use cases.
Source: RBI.

Chart IV.4.2: Approaches for Adopting GenAI



Note: In the survey, REs were allowed to choose more than one approach for their current or potential use cases.
Source: RBI.

Chart IV.4.3: Risks Perceived by REs



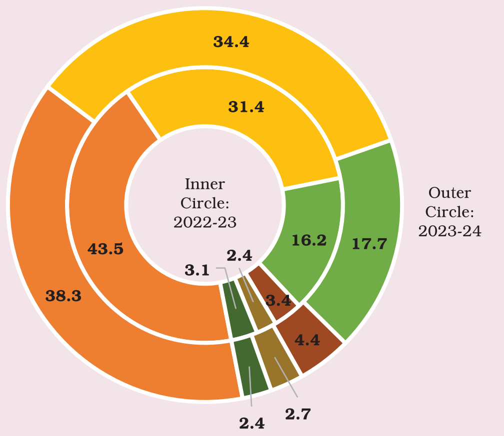
Note: In the survey, REs were allowed to choose multiple risks.
Source: RBI.

Amongst the concerns, most REs acknowledged data bias and representativeness as challenges, followed by data privacy and explainability & interpretability of models (Chart IV.4.3). To address such concerns, most REs adopt the human-in-the-middle (HITM) approach[19]. To mitigate data privacy concerns, REs reported using publicly available data or pseudonymised internal information instead of using confidential or sensitive data for training or fine-tuning GenAI-based tools. 90 per cent of the survey participants preferred not to use GenAI for critical applications like core banking and payment systems.

the nature of complaints may not be strictly comparable across the years. With this caveat, grievances relating to loans and advances, mobile/electronic banking and deposit accounts were the highest during 2023-24, contributing 64 per cent of the total complaints (Table IV.27).

[19] HITM refers to an approach under which continuous human oversight, judgement and control is integrated in usage of AI systems as a guardrail to ensure, *inter-alia*, the quality, reliability, safety and ethical alignment of AI-generated outputs.

Chart IV.32: Entity Type-wise Complaints Received at ORBIOs



Source: RBI.

IV.74 The share of complaints emanating from urban and metropolitan areas accounted for 71.6 per cent of the total complaints received by RBIOs during 2023-24, which could reflect greater awareness in these regions regarding the Reserve Bank's grievance redress mechanism (Chart IV.33a). PSBs and PVBs together accounted for 72.7 per cent of the total complaints received by RBIOs. Almost all pension-related complaints were filed against PSBs — traditionally preferred by pensioners. On the other hand, a large share of complaints (60.1 per cent) relating to credit cards were filed against PVBs (Chart IV.33b).

Table IV.27: Nature of Complaints Received by ORBIOs

	2021-22	2022-23	2023-24
1	2	3	4
Loans and Advances	30,734	59,762	85,281
Mobile/ Electronic Banking	42,271	43,167	57,242
Deposit Accounts	16,989	34,481	46,358
Credit Cards	34,828	34,151	42,329
ATM/ Debit Cards	41,849	29,929	25,231
Others	36,607	22,551	24,355
Para-banking	1,608	2,782	4,380
Pension Payments	6,206	4,380	4,108
Remittances	3,443	2,940	4,101
Notes and Coins	302	511	539
Non-observance of Fair Practice Code	37,880	20	-
Levy of Charges without Prior Notice	14,519	3	-
DSAs and Recovery Agents	1,640	7	-
Failure to Meet Commitments	22,420	5	-
Non-adherence to BCSBI Codes	5,069	1	-
Out of Purview of BO Scheme	8,131	-	-
Total	**3,04,496***	**2,34,690^**	**2,93,924@**

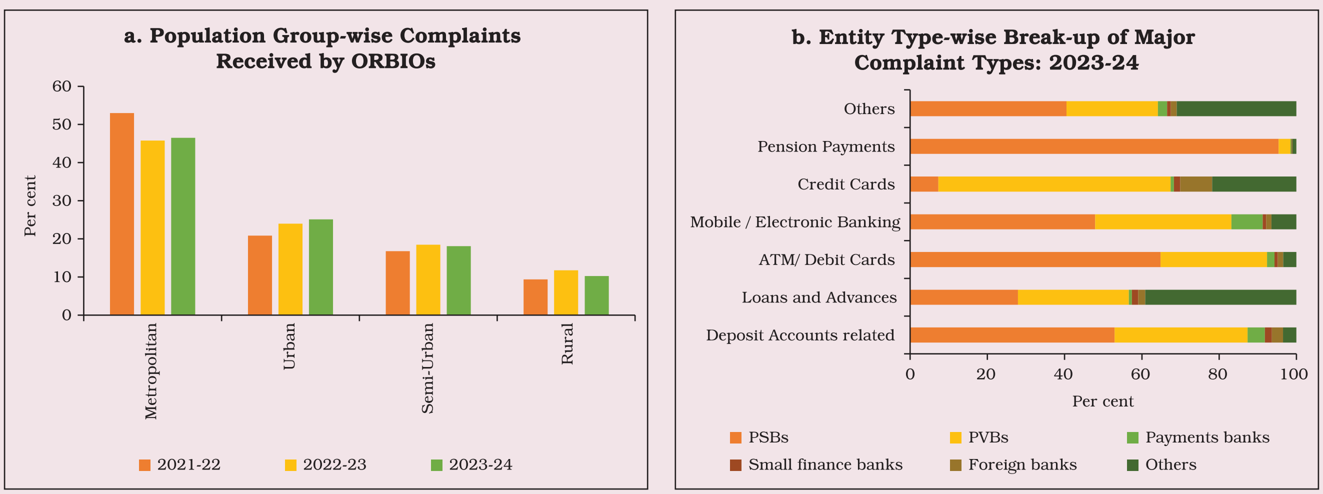
Notes: 1. *: Excludes 1,13,688 complaints handled by CRPC.
2. ^: Excludes 4,68,854 complaints handled by CRPC.
3. @: Excludes 6,40,431 complaints handled at CRPC.

Source: RBI.

11.2 Deposit Insurance

IV.75 Deposit insurance is a vital pillar of the financial safety-net system, playing a crucial role

Chart IV.33: Distribution of Complaints



Source: RBI.

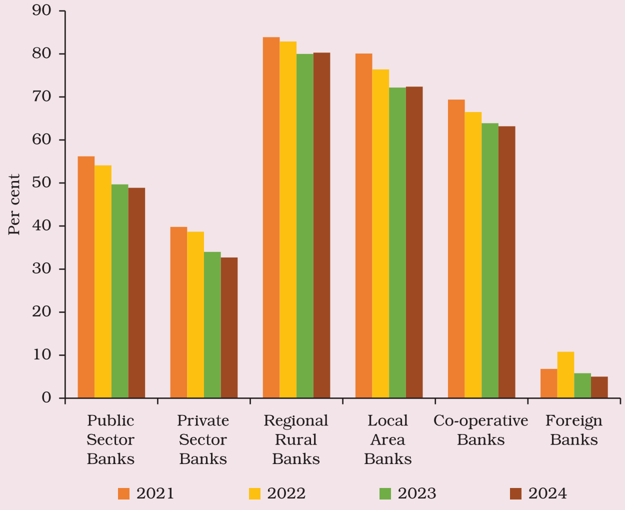
in bolstering public confidence in the banking sector, especially among small depositors, and fostering overall financial stability. In India, the Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly-owned subsidiary of the Reserve Bank, administers deposit insurance covering all commercial banks, including RRBs, LABs, and co-operative banks. At end-March 2024, 1,997 banks were insured by DICGC. At present, the deposit insurance coverage limit in India stands at ₹5 lakh per depositor per account. This limit covers 97.7 per cent of deposit accounts and in terms of value, 43.1 per cent of assessable deposits are insured (Table IV.28).

IV.76 The proportion of insured deposits to assessable deposits declined in 2023-24, reflective of the growing deposit base (Chart IV.34).

IV.77 The deposit insurance fund (DIF) is constituted with DICGC to settle the claims of insured deposits in the event of liquidation or imposition of all-inclusive directions (AID). During 2023-24, claims amounting to ₹1,432 crore were settled through DIF. At end-March 2024, the balance in DIF stood at ₹1,98,753 crore. With the growth of DIF (17.2 per cent) above that of insured deposits (9.1 per cent),

Chart IV.34: Bank Group-wise Insured Deposits as per cent of Assessable Deposits

(At end-March)



Source: DICGC.

Table IV.28: Bank Group-wise Insured Deposits

(Amount in ₹ crore)

Bank Groups	As on March 31, 2023				As on March 31, 2024			
	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)	**139**	**79,22,120**	**1,83,48,838**	**43.2**	**140**	**86,66,416**	**2,06,73,077**	**41.9**
i) Public Sector Banks	12	52,20,324	1,05,07,639	49.7	12	56,47,846	1,15,76,001	48.8
ii) Private Sector Banks	21	21,20,937	62,37,833	34.0	21	23,63,912	72,35,902	32.7
iii) Foreign Banks	43	50,037	8,62,909	5.8	44	50,568	10,08,506	5.0
iv) Small Finance Banks	12	66,745	1,63,183	40.9	12	89,532	2,15,426	41.6
v) Payments Banks	6	12,533	12,694	98.7	6	16,794	16,937	99.2
vi) Regional Rural Banks	43	4,50,675	5,63,377	80.0	43	4,96,827	6,19,010	80.3
vii) Local Area Banks	2	869	1,204	72.2	2	937	1,295	72.4
II. Co-operative Banks (i to iii)	**1,887**	**7,09,139**	**11,10,076**	**63.9**	**1,857**	**7,46,290**	**11,79,084**	**63.3**
i) Urban Co-operative Banks	1,502	3,62,991	5,34,413	67.9	1,472	3,71,846	5,56,962	66.8
ii) State Co-operative Banks	33	64,041	1,46,931	43.6	33	64,202	1,48,080	43.4
iii) District Central Co-operative Banks	352	2,82,107	4,28,733	65.8	352	3,10,242	4,74,041	65.4
Total (I+II)	**2,026**	**86,31,259**	**1,94,58,915**	**44.4**	**1,997**	**94,12,705**	**2,18,52,160**	**43.1**

Note: IDR: Insured Deposits Ratio.
Source: DICGC.

the reserve ratio (RR)[20] improved to 2.11 per cent at end-March 2024 from 1.96 per cent a year ago. Under Section 21 of the DICGC Act, 1961, the corporation has the mandate to recover insurance claim payouts. During 2023-24, the DICGC made a total recovery of claims amounting to ₹901 crore as compared to ₹883 crore during 2022-23.

12. Financial Inclusion

IV.78 The Reserve Bank persevered with its initiatives to improve financial access, including by leveraging technology-driven innovations to bring the benefits of financial services to all sections of society. Despite fast paced digitalisation in India, the number of commercial bank branches per one lakh population increased 1.5 times during the period 2010 to 2023 (Chart IV.35a). Per capita availability of ATMs in India has also increased threefold since 2010 (Chart IV.35b).

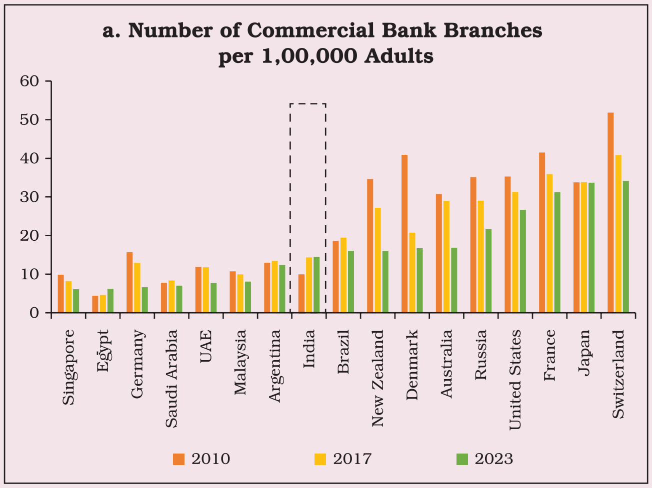
12.1 Financial Inclusion Plans

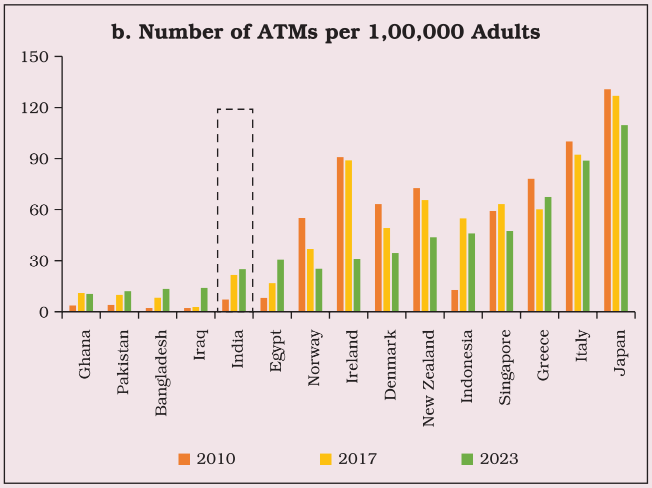
IV.79 Financial Inclusion Plans (FIPs) capture banks' achievements on parameters, such as, the number of banking and BC outlets, basic savings bank deposit accounts (BSBDAs), overdraft (OD) facilities availed in these accounts, transactions in KCC and General Credit Cards (GCCs) and transactions through the Business Correspondents - Information and Communication Technology (BC-ICT) channel. At end-March 2024, deposits in BSBDAs through the BC mode surpassed those through the branches mode, indicating the effectiveness of the BC model at the grassroots level (Table IV.29).

12.2 Financial Inclusion Index

IV.80 The Reserve Bank's Financial Inclusion Index (FII) monitors the progress of financial inclusion in the country. It captures information on 97 indicators, based on three dimensions, *viz*., access, usage and quality. The index rose to 64.2 in March 2024 from 60.1 in March 2023, with growth across all sub-indices (Chart IV.36). The improvement in the FII in 2023-24 was largely contributed by the usage dimension, reflecting deepening of financial inclusion.

Chart IV.35: Progress of Financial Inclusion in Select Countries





Source: Financial Access Survey, 2023, IMF.

[20] Ratio of deposit insurance fund to insured deposits.

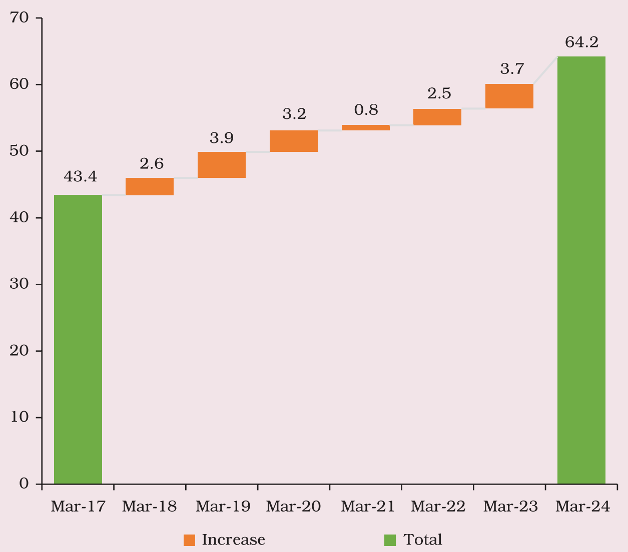
Table IV.29: Progress in Financial Inclusion Plan

(At end-March)

S. No.		2015	2020	2021	2022	2023	2024*
1	2	3	4	5	6	7	8
Banking Outreach							
1	Banking Outlets in Villages- Branches	49,571	54,561	55,112	53,287	53,802	54,198
2	BC Outlets in Villages with population >2000	90,877	1,49,106	8,50,406	18,92,462	13,48,038	12,66,756
3	BC Outlets in Villages with population <2000	4,08,713	3,92,069	3,40,019	3,26,008	2,77,844	2,80,922
4	Total BC Outlets in Villages	4,99,590	5,41,175	11,90,425	22,18,470	16,25,882	15,47,678
5	Urban Locations Covered Through BCs	96,847	6,35,046	4,26,745	12,95,307	4,15,218	3,06,658
Basic Saving Bank Deposits Account (BSBDA)							
6	BSBDA - Through Branches (No. in lakh)	2,103	2,616	2,659	2,661	2,750	2,768
7	BSBDA - Through Branches (Amt. in ₹ crore)	36,498	95,831	1,18,392	1,20,464	1,33,661	1,46,306
8	BSBDA - Through BCs (No. in lakh)	1,878	3,388	3,796	4,015	4,105	4,290
9	BSBDA - Through BCs (Amt. in ₹ crore)	7,457	72,581	87,623	1,07,415	1,29,531	1,53,489
10	BSBDA - Total (No. in lakh)	3,981	6,004	6,455	6,677	6,856	7,059
11	BSBDA - Total (Amt. in ₹ crore)	43,955	1,68,412	2,06,015	2,27,879	2,63,192	2,99,795
12	OD Facility Availed in BSBDAs (No. in lakh)	76	64	60	68	51	48
13	OD Facility Availed in BSBDAs (Amt. in ₹ crore)	1,991	529	534	516	572	564
KCC and General Credit Card (GCC)							
14	KCC - Total (No. in lakh)	426	475	466	473	493	515
15	KCC - Total (Amt. in ₹ crore)	4,38,229	6,39,069	6,72,624	7,10,715	7,68,339	8,47,237
16	GCC - Total (No. in lakh)	92	202	202	96	66	23
17	GCC - Total (Amt. in ₹ crore)	1,31,160	1,94,048	1,55,826	1,70,203	1,90,568	34,340
Business Correspondents							
18	ICT-A/Cs-BC-Total Transactions (No. in lakh) #	4,770	32,318	30,551	28,533	34,055	36,388
19	ICT-A/Cs-BC-Total Transactions (Amt. in ₹ crore) #	85,980	8,70,643	8,49,771	9,05,252	11,39,521	13,10,973

Notes: 1. *: Provisional
2. #: Transactions during the financial year.
Source: FIP returns submitted by PSBs, PVBs and RRBs.

Chart IV.36: RBI – Financial Inclusion Index

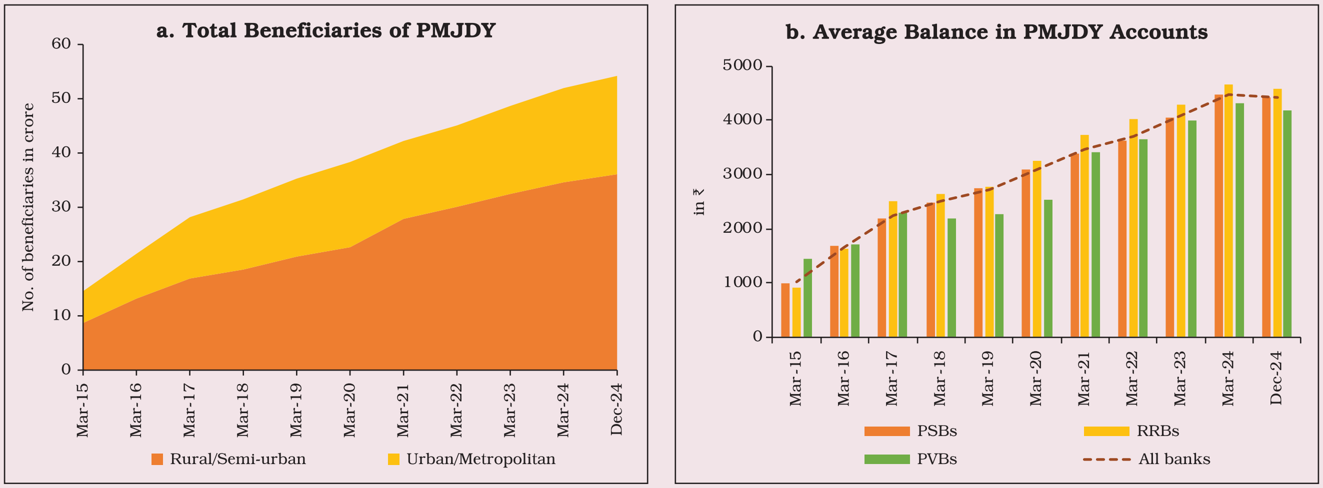


Source: RBI.

12.3 Pradhan Mantri Jan Dhan Yojana (PMJDY)

IV.81 The PMJDY, which has played a pivotal role in fostering financial inclusion in marginalised areas and sections of society, completed 10 years of its inception in August 2024. The number of beneficiaries under PMJDY reached 54.2 crore, with deposits of ₹2.4 lakh crore as on December 11, 2024 and 66.6 per cent of the beneficiaries are in rural/semi-urban areas (Chart IV.37a). Notwithstanding some recent moderation, the average balance in PMJDY accounts has expanded four times since its launch, reflecting growing usage and successful integration of previously unbanked individuals into the formal financial system (Chart IV.37b).

Chart IV.37: Progress in PMJDY



Source: PMJDY, Government of India.

12.4 New Bank Branches by SCBs

IV.82 While banks are increasingly emphasising digital channels, physical branches remain the core of customer engagement. During 2023-24, 41.9 per cent of the bank branches were opened in centers with population less than 50,000, improving banking penetration in smaller towns and villages (Table IV.30).

Table IV.30: Tier-wise Break-up of Newly Opened Bank Branches by SCBs

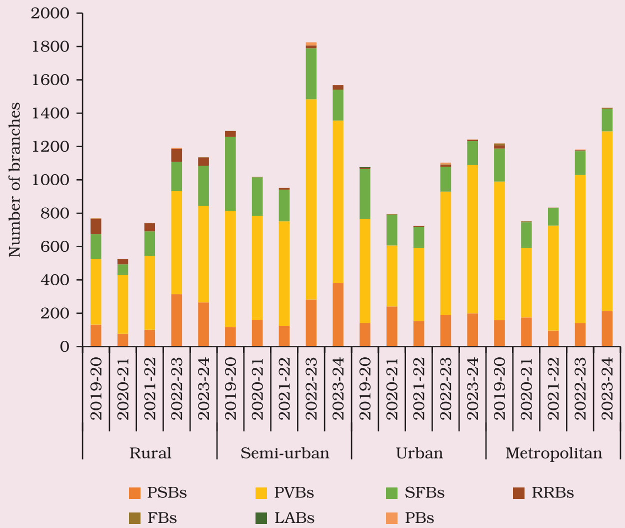
	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5
Tier 1	1,545 (50.0)	1,558 (47.9)	2,285 (43.1)	2,675 (49.7)
Tier 2	278 (9.0)	233 (7.2)	468 (8.8)	452 (8.4)
Tier 3	475 (15.4)	427 (13.1)	812 (15.3)	683 (12.7)
Tier 4	265 (8.6)	292 (9.0)	545 (10.3)	433 (8.0)
Tier 5	179 (5.8)	229 (7.0)	424 (8.0)	368 (6.8)
Tier 6	347 (11.2)	512 (15.7)	768 (14.5)	768 (14.3)
Total	3,089 (100.0)	3,251 (100.0)	5,302 (100.0)	5,379 (100.0)

Notes: 1. Tier-wise classification of centres is as follows: '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 5000.
2. Data exclude 'Administrative Offices'.
3. All population figures are as per census 2011.
4. Figures in the parentheses represent proportion of the branches opened in a particular area *vis-à-vis* the total.

Source: CISBI, RBI. CISBI data are dynamic in nature and are updated based on information received from banks.

IV.83 During 2023-24, 65.5 per cent of the new branches opened were by PVBs, with 44.1 per cent of these branches in rural and semi-urban areas (Chart IV.38).

Chart IV.38: Distribution of Newly Opened Bank Branches of SCBs

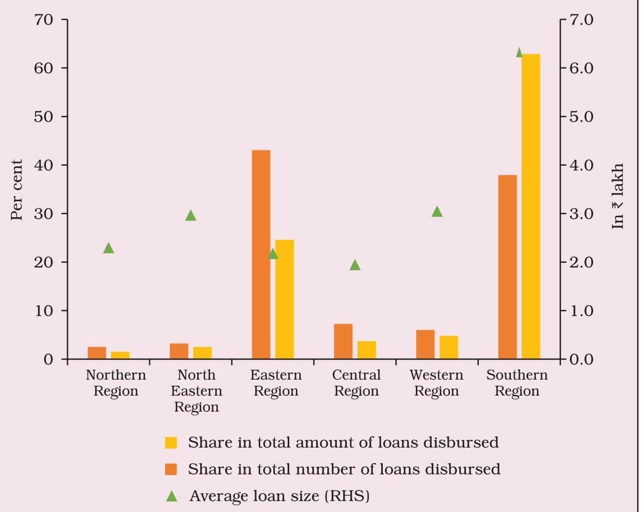


Source: CISBI, RBI.

12.5 Microfinance Programme

IV.84 Microfinance serves as an effective instrument for advancing financial inclusion, entailing the delivery of financial services, including small-value credit, to the underserved and unbanked segments of the population, thereby fostering social equity and empowerment. During 2023-24, steady progress was observed in the delivery of micro-credit through self-help groups (SHGs) and joint liability groups (JLGs). The number of SHGs accessing credit from banks rose from 43.0 lakh in 2022-23 to 54.8 lakh in 2023-24. The outstanding loans of SHGs increased by 38.1 per cent during 2023-24 as compared with 24.5 per cent in the previous year. A significant portion of the credit disbursement to SHGs remained concentrated in the southern and eastern regions of the country (Chart IV.39). Credit disbursed to JLGs grew by 41.2 per cent during 2023-24 as compared with 18.3 per cent in the previous year (Appendix Table IV.13).

Chart IV.39: SHGs – Regional Distribution of Credit and Average Loan Size
(At end-March 2024)



Source: NABARD.

12.6 Trade Receivables Discounting System (TReDS)

IV.85 TReDS is an electronic platform for facilitating the financing/discounting of trade receivables of MSMEs through multiple financiers. These receivables can be due from corporates and other buyers, including Government departments and public sector undertakings (PSUs). The revisions in TReDS guidelines on June 7, 2023 enabled insurance for financiers to hedge against default risk, expanded the pool of financiers, and enabled secondary market for factoring units. Reflecting these changes, the number and amount of invoices uploaded and financed increased sharply in 2023-24. The success rate of number of invoices financed improved from 93.9 per cent in 2022-23 to 94.4 per cent in 2023-24 (Table IV.31).

12.7 Regional Banking Penetration

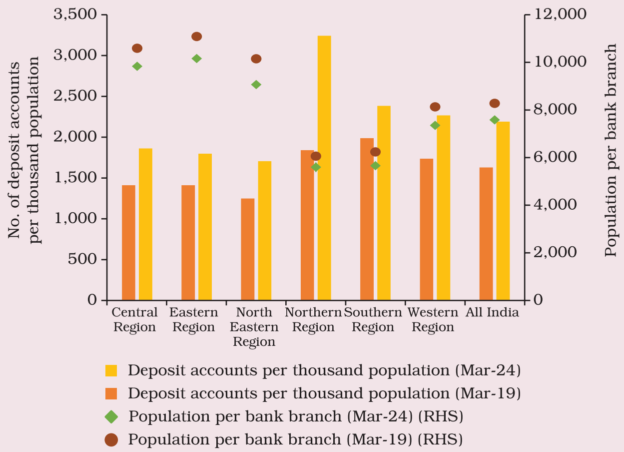
IV.86 During the last five years, banking penetration, gauged by population per bank branch, improved across all regions. The improvement in usage, measured by the number of deposit accounts per thousand population, was most evident in the northern region (Chart IV.40).

Table IV.31: Progress in MSME Financing through TReDS

Financial Year	Invoices Uploaded		Invoices Financed	
	Number	Amount	Number	Amount
1	2	3	4	5
2020-21	8,61,560	19,670	7,86,555	17,080
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

Source: RBI.

Chart IV.40: Regional Penetration of Banks



Notes: 1. Total deposit accounts exclude inter-bank deposit accounts.
2. Data pertain to SCBs.

Sources: RBI and Office of the Registrar General & Census Commissioner, India Ministry of Home Affairs.

13. Regional Rural Banks[21]

IV.87 At end-March 2024, there were 43 RRBs sponsored by 12 SCBs operating through 22,078 branches in 26 States and 3 Union Territories (Puducherry, Jammu & Kashmir, Ladakh). In line with their mandate, 91.8 per cent of RRB branches were in rural/semi-urban areas. The southern region has the highest number of RRBs, and the region contributed nearly half to the RRBs' total profit (Appendix Table IV.14).

13.1 Balance Sheet Analysis

IV.88 The growth in the combined balance sheet of RRBs decelerated to 8.9 per cent during 2023-24 from 9.4 per cent in the previous year on account of a slowdown in borrowings on the liabilities side, even as there was an acceleration in deposits and credit growth (Table IV.32).

Table IV.32: Consolidated Balance Sheet of Regional Rural Banks

(Amount in ₹ crore)

Sr. No.	Item	At end-March		Y-o-y growth (in per cent)	
		2023	2024 (P)	2022-23	2023-24
1	2	3	4	5	6
1	Share Capital	17,232	19,042	15.8	10.5
2	Reserves	40,123	46,659	16.8	16.3
3	Deposits	6,08,509	6,59,815	8.2	8.4
	3.1 Current	11,945	11,952	-0.8	0.1
	3.2 Savings	3,19,572	3,47,193	8.5	8.6
	3.3 Term	2,76,992	3,00,670	8.2	8.5
4	Borrowings	84,712	92,444	14.7	9.1
	4.1 from NABARD	73,119	77,166	9.0	5.5
	4.2 Sponsor Bank	3,408	4,293	-12.1	26.0
	4.3 Others	8,185	10,986	177.7	34.2
5	Other Liabilities	20,885	22,120	5.8	5.9
	Total Liabilities/Assets	**7,71,462**	**8,40,080**	**9.4**	**8.9**
6	Cash in Hand	2,888	2,933	-7.4	1.6
7	Balances with RBI	29,332	30,990	32.3	5.7
8	Balances in Current Account	7,150	8,173	-12.0	14.3
9	Investments	3,13,401	3,19,099	6.0	1.8
10	Loans and Advances (net)	3,86,951	4,45,286	13.0	15.1
11	Fixed Assets	1,406	1,581	12.0	12.4
12	Other Assets, *of which*,	30,333	32,019	-6.9	5.6
	12.1 Accumulated Losses	9,841	8,921	8.6	-9.4

Note: P: Provisional.

Source: NABARD.

IV.89 Deposits accounted for 78.5 per cent of RRBs' total sources of funds, although their deposit growth remained below that of SCBs during 2023-24. Low-cost CASA deposits had a share of 54.4 per cent in RRBs' total deposits during 2023-24, the highest amongst all categories of SCBs, except PBs[22]. The average PMJDY deposit amount per account was ₹4,667 in RRBs, higher than ₹4,432 for other categories of banks. The C-D ratio of RRBs increased to 71.4 per cent at end-March 2024, its highest level in 33 years, as growth of loans and advances outpaced deposit growth.

[21] RRBs were established as professionally managed alternative channel for credit dispensation to small and marginal farmers, agricultural labourers, and socio-economically weaker section of the population. Their functional focus areas have been agriculture, trade, commerce and small-scale industries in the rural areas.

[22] PBs are not permitted to mobilise term deposits.

13.2 Financial Performance

IV.90 After reporting net losses during 2018-20, RRBs reported their highest ever consolidated net profit of ₹ 7,571 crore during 2023-24. Higher income growth and contraction in operating expenses, especially staff cost, boosted profitability (Table IV.33).

Table IV.33: Financial Performance of Regional Rural Banks

(Amount in ₹ crore)

Sr. No.	Item	Amount		Y-o-y change (in per cent)	
		2022-23	2023-24(P)	2022-23	2023-24
1	2	3	4	5	6
A	**Income (i + ii)**	**59,427**	**70,443**	**5.0**	**18.5**
	i. Interest Income	53,640	61,341	11.6	14.4
	ii. Other Income*	5,787	9,101	-32.2	57.3
B	**Expenditure (i+ii+iii)**	**54,454**	**62,872**	**2.0**	**15.5**
	i. Interest Expended	26,704	33,237	7.6	24.5
	ii. Operating Expenses	21,878	21,267	2.7	-2.8
	of which, Wage Bill	16,683	15,305	2.1	-8.3
	iii. Provisions and Contingencies*	5,872	8,368	-19.1	42.5
	of which, Income Tax	1,424	2,430	11.4	70.7
C	**Profit**				
	i. Operating Profit	10,845	15,938	4.9	47.0
	ii. Net Profit	4,974	7,571	54.5	52.2
D	**Total Average Assets**	**7,16,796**	**7,90,902**	**7.5**	**10.3**
E	**Financial ratios #**				
	i. Operating Profit	1.5	2.0		
	ii. Net Profit	0.7	1.0		
	iii. Income (a + b)	8.3	8.9		
	a) Interest Income	7.5	7.8		
	b) Other Income	0.8	1.2		
	vi. Expenditure (a+b+c)	7.6	7.9		
	a) Interest Expended	3.7	4.2		
	b) Operating Expenses	3.1	2.7		
	of which, Wage Bill	2.3	1.9		
	c) Provisions and Contingencies	0.8	1.1		
F	**Analytical Ratios (%)**				
	Gross NPA Ratio	7.3	6.2		
	CRAR	13.4	14.2		

Notes: 1. P: Provisional
2. #: as per cent of average total assets.
3. *: As per the Reserve Bank's extant master directions on presentation of financial statements, provision for depreciation in investments, which was earlier reported under provisions and contingencies head of expenditure, is now required to be deducted from other income. Accordingly, an amount of ₹ 2,204.4 crore provisioned by RRBs for MTM losses has been deducted from other income during 2022-23.

Source: NABARD.

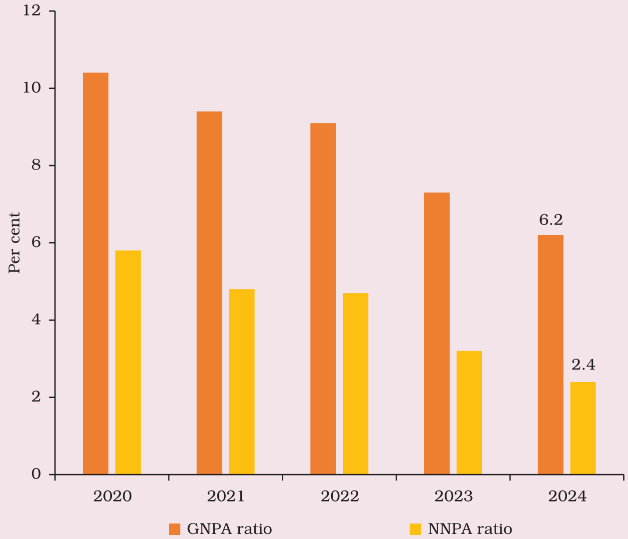
IV.91 The GNPA ratio of RRBs reached a decadal low of 6.2 per cent at end-March 2024 (Chart IV.41). The improvement in asset quality was accompanied by higher provision buffers.

IV.92 Consequent upon the capital infusion of ₹10,890 crore during 2021-23, the number of RRBs with CRAR below the regulatory minimum of 9 per cent declined (Chart IV.42a). The consolidated CRAR stood at an all-time high of 14.2 per cent at end-March 2024 (Chart IV.42b). The number of loss-making RRBs has steadily declined from 18 in 2019-20 to 3 in 2023-24 (Appendix Table IV.14).

IV.93 During 2023-24, priority sector lending accounted for 87.0 per cent of RRBs' total lending and all banks met their target of lending 75 per cent of their ANBC/CEOBE to the priority sector (Table IV.34 and Appendix Table IV.15).

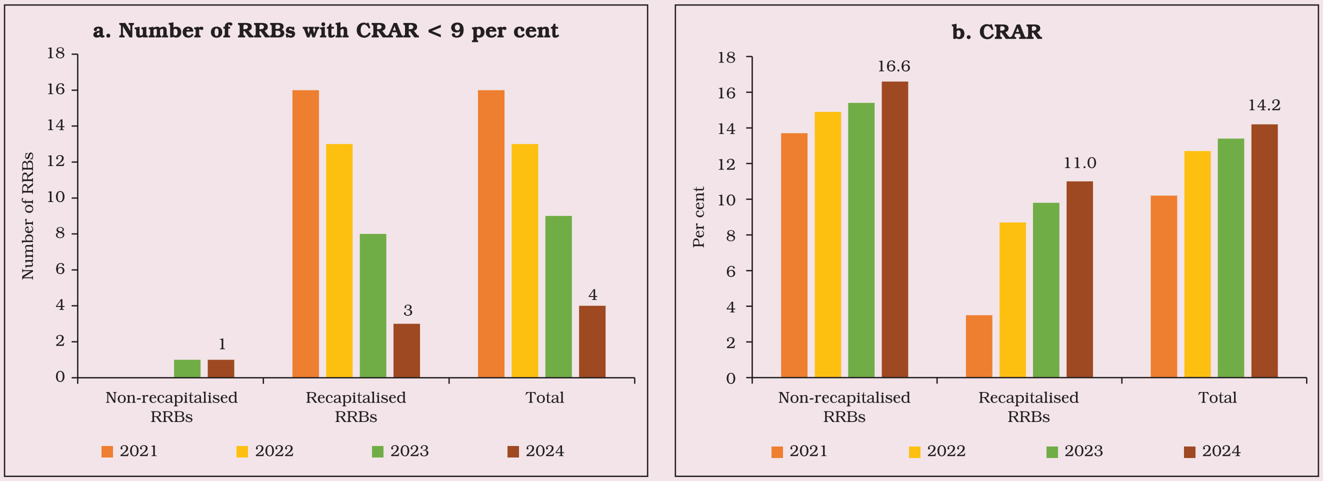
Chart IV.41: Asset Quality of RRBs

(At end-March)



Source: NABARD.

Chart IV.42: Capital to Risk-weighted Assets Ratio of RRBs
(At end-March)



Source: NABARD.

14. Local Area Banks[23]

IV.94 At end-March 2024, there were two LABs (down from four at end-March 2004), with 79 branches in operation. During 2023-24, the consolidated balance sheet growth of LABs decelerated, with slowdown in credit as well as deposit growth. With credit growth above deposit growth, the C-D ratio increased to 81.4 per cent at end-March 2024 from 81.1 per cent a year ago (Table IV.35).

Table IV.34: Purpose-wise Outstanding Advances by RRBs
(At end-March)

(Amount in ₹ crore)

Sr. No.	Purpose	2023	2024(P)
1	2	3	4
I	**Priority (i to v)**	**3,62,503**	**4,08,810**
	Per cent of total loans outstanding	88.3	87.0
	i. Agriculture	2,81,971	3,16,671
	ii. Micro, Small and Medium Enterprises	49,323	57,639
	iii. Education	1,744	1,609
	vi. Housing	24,503	2,6047
	v. Others	4,963	6,843
II	**Non-priority (i to vi)**	**48,236**	**61,300**
	Per cent of total loans outstanding	*11.7*	*13.0*
	i. Agriculture	16	17
	ii. Micro Small and Medium Enterprises	84	187
	iii. Education	218	343
	iv. Housing	9,100	13,620
	v. Personal Loans	12,985	17,788
	vi. Others	25,833	29,345
	Total (I+II)	**4,10,738**	**4,70,109**

Note: P: Provisional.
Source: NABARD.

14.1 Financial Performance of LABs

IV.95 Profits of LABs fell during 2023-24, as interest income growth decelerated, while interest expenditure growth accelerated (Table IV.36).

Table IV.35: Profile of Local Area Banks
(At end-March)

(Amount in ₹ crore)

	2023	2024
1	2	3
1. Assets	1,474 (15.7)	1,584 (7.5)
2. Deposits	1,190 (16.6)	1,271 (6.8)
3. Gross Advances	965 (15.1)	1,034 (7.2)

Note: Figures in parentheses represent y-o-y growth in per cent.
Source: Off-site returns (global operations), RBI.

[23] 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 three contiguous districts.

Table IV.36: Financial Performance of Local Area Banks

Sr. No.		Amount (in ₹ crore)		Y-o-y growth (in per cent)	
		2022-23	2023-24	2022-23	2023-24
1	2	3	4	5	6
A.	**Income (i+ii)**	**179**	**197**	**12.6**	**10.1**
	i. Interest Income	153	172	17.1	12.8
	ii. Other Income	26	25	-7.6	-5.7
B.	**Expenditure(i+ii+iii)**	**143**	**162**	**7.7**	**13.7**
	i. Interest Expended	63	79	8.8	25.9
	ii. Provisions and Contingencies	21	15	-6.8	-26.0
	iii. Operating Expenses	59	68	12.5	14.6
	of which, Wage Bill	29	33	14.6	13.5
C.	**Profit**				
	i. Operating Profit/Loss	57	50	17.3	-11.9
	ii. Net Profit/Loss	36	35	37.7	-3.9
D.	**Net Interest Income**	**90**	**93**	**23.6**	**3.7**
E.	**Total Assets**	**1,474**	**1,584**	**15.7**	**7.5**
F.	**Financial Ratios** (as per cent of total assets)				
	i. Operating Profit	3.9	3.2		
	ii. Net Profit	2.5	2.2		
	iii. Income	12.1	12.4		
	iv. Interest Income	10.4	10.9		
	v. Other Income	1.8	1.6		
	vi. Expenditure	9.7	10.2		
	vii. Interest Expended	4.3	5.0		
	viii. Operating Expenses	4.0	4.3		
	ix. Wage Bill	1.9	2.1		
	x. Provisions and Contingencies	1.4	1.0		
	xi. Net Interest Income	6.1	5.9		

Note: Wage Bill is taken as payments to and provisions for employees.
Source: Off-site returns (global operations), RBI.

15. Small Finance Banks[24]

IV.96 Following the merger of Fincare Small Finance Bank with AU Small Finance Bank, 11 SFBs with 7,230 domestic branches were operational in India at end-June 2024.

15.1 Balance Sheet

IV.97 During 2023-24, SFBs' combined balance sheet growth was in double digits, in line with the trend observed since their inception. SFBs' credit growth decelerated and deposit growth accelerated during 2023-24, thereby reducing their reliance on borrowings. The C-D ratio of SFBs moderated to 90.1 per cent at end-March 2024 from 93.0 per cent a year ago, though it remained higher than that of SCBs (Table IV.37).

15.2 Financial Performance

IV.98 The asset quality of SFBs improved for the third consecutive year during 2023-24. The net profit ratio also increased during the year, as gains in the income ratio exceeded the increase in

Table IV.37: Consolidated Balance Sheet of Small Finance Banks
(At end-March)

(Amount in ₹ crore)

Sr. No.	Item	Amount		Y-o-y growth (in per cent)	
		2023	2024	2023	2024
1	2	3	4	5	6
1	Share Capital	7,811	7,844	8.6	0.4
2	Reserves & Surplus	23,557	32,957	38	39.9
3	Tier 2 Bonds and Tier 2 Debt	1,926	2,458	-15.7	27.6
4	Deposits	1,91,372	2,50,896	28	31.1
	4.1 Current Demand Deposits	7,456	10,895	22.7	46.1
	4.2 Savings	54,667	59,691	16.2	9.2
	4.3 Term	1,29,248	1,80,310	34.1	39.5
5	Borrowings (Including Tier II Bonds)	31,170	28,261	10.8	-9.3
	5.1 Bank	4,241	4,500	-6.3	6.1
	5.2 Others	26,929	23,761	14.1	-11.8
6	Other Liabilities & provisions	13,606	15,326	14.1	12.6
	Total liabilities/Assets	**2,67,517**	**3,35,284**	**25.1**	**25.3**
7	Cash in Hand	1,371	1,333	9.7	-2.8
8	Balances with RBI	16,468	16,170	115.8	-1.8
9	Other Bank Balances/ Balances with Financial Institutions	4,484	6,261	-69	39.6
10	Investments	58,115	74,283	30.8	27.8
11	Loans and Advances	1,77,887	2,26,148	28.7	27.1
12	Fixed Assets	2,734	3,353	18.7	22.6
13	Other Assets	6,455	7,736	15.5	19.8

Note: Data pertains to 12 SFBs.
Source: Off-site returns (global operations), RBI.

[24] Small finance banks (SFBs) are specialised institutions set up to provide formal saving avenues to the unserved and underserved sections of the population. SFBs aim to 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.

expenditure ratio. Provisions and contingencies (as per cent of total assets) declined due to the improvement in asset quality (Table IV.38).

16. Payments Banks[25]

IV.99 At end-March 2024, six PBs were operational with 82 branches. Of these, five PBs reported operational profit during 2023-24.

Table IV.38: Financial Performance of Small Finance Banks

(Amount in ₹ crore)

Sr. No.	Item	Amount		Y-o-y growth (in per cent)	
		2022-23	2023-24	2022-23	2023-24
1	2	3	4	5	6
A	**Income (i + ii)**	**33,827**	**45,437**	**35.1**	**34.3**
	i. Interest Income	29,806	39,588	34.7	32.8
	ii. Other Income	4,022	5,848	38.1	45.4
B	**Expenditure (i+ii+iii)**	**29,663**	**39,214**	**23.3**	**32.2**
	i. Interest Expended	12,139	17,473	27.6	43.9
	ii. Operating Expenses	13,153	17,186	34.0	30.7
	of which, Staff Expenses	6,707	8,494	26.4	26.6
	iii. Provisions and contingencies	4,371	4,555	-7.6	4.2
C	**Profit (Before Tax)**	**5,417**	**7,835**	**321.9**	**44.6**
	i. Operating Profit (EBPT)	8,534	10,774	49.7	26.2
	ii. Net Profit (PAT)	4,162	6,219	327.3	49.4
D	**Total Assets**	**2,67,517**	**3,35,284**	**31.8**	**25.3**
E	**Financial Ratios #**				
	i. Operating Profit	3.2	3.2		
	ii. Net Profit	1.6	1.9		
	iii. Income (a + b)	12.6	13.6		
	a. Interest Income	11.1	11.8		
	b. Other Income	1.5	1.7		
	iv. Expenditure (a+b+c)	11.1	11.7		
	a. Interest Expended	4.5	5.2		
	b. Operating Expenses	4.9	5.1		
	of which, Staff Expenses	2.5	2.5		
	c. Provisions and Contingencies	1.6	1.4		
F	**Analytical Ratios (%)**				
	Gross NPA Ratio	4.7	2.4		
	CRAR	22.5	21.6		
	Core CRAR	19.9	19.4		

Note: #: As per cent of total assets.
Source: Off-site returns (domestic operations), RBI.

16.1 *Balance sheet*

IV.100 During 2023-24, the combined balance sheet growth of PBs decelerated, primarily driven by slowdown in deposit growth on the liabilities side as well as slowdown in growth of cash and balances with the RBI and investments on the asset side. Deposits constituted 62.4 per cent of the liabilities of PBs (Table IV.39).

16.2 *Financial Performance*

IV.101 PBs turned profitable for the first time since their inception during 2022-23 and this momentum continued during 2023-24, *albeit* at a slower pace (Table IV.40). The share of non-interest income in total income of PBs declined from 91.3 per cent during 2021-22 to 81.7 per cent during 2023-24.

Table IV.39: Consolidated Balance Sheet of Payments Banks

(At end-March)

Sr No.	Item	Amount (in ₹ crore)			Y-o-y growth (in per cent)		
		2022	2023	2024	2022	2023	2024
1	2	3	4	5	6	7	8
1	Total Capital and Reserves	2,485	2,938	3,440	41	18.2	17.1
2	Deposits	7,859	12,222	16,330	69.9	55.5	33.6
3	Other Liabilities and Provisions	7,771	8,380	6,385	28	7.8	-23.8
	Total Liabilities/ Assets	**18,115**	**23,540**	**26,155**	**45**	**29.9**	**11.1**
1	Cash and Balances with RBI	1,560	2,453	3,094	24.3	57.3	26.1
2	Balances with Banks and Money Market	3,322	5,008	4,350	39	50.7	-13.1
3	Investments	10,178	12,397	14,627	43	21.8	18.0
4	Fixed Assets	372	562	1,266	4.7	51.1	125.3
5	Other Assets	2,683	3,120	2,819	98.8	16.3	-9.6

Note: Data pertain to 6 PBs.
Source: Off-site returns (domestic operations), RBI.

[25] Payments banks (PBs) are specialised financial institutions established with the objective of enhancing financial inclusion by leveraging technological advancements.

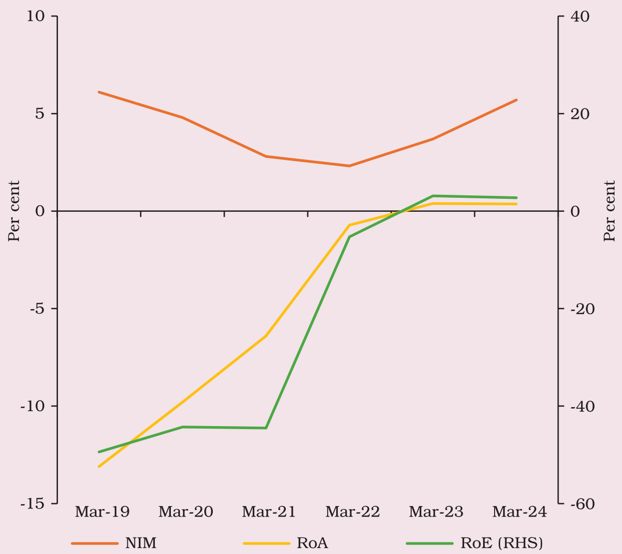
Table IV.40: Financial Performance of Payments Banks

Sr. No.		Amount (in ₹ crore)			Y-o-y growth (in per cent)		
		2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
1	2	3	4	5	6	7	8
A	**Income**						
	i. Interest Income	460	877	1,441	27.5	90.7	64.3
	ii. Non-interest Income	4,801	5,630	6,416	34.8	17.3	14.0
B	**Expenditure**						
	i. Interest Expenses	157	247	356	56.0	57.5	44.1
	ii. Operating Expenses	5,216	6,154	7,292	13.8	18.0	18.5
	iii. Provisions and Contingencies	20	15	115	-44.4	-25.5	688.6
	of which,						
	Risk Provisions	21	4	11	133.3	-81.7	185.3
	Tax Provisions	-2	8	68	-111.0	415.8	773.4
C	**Net Interest Income**	**303**	**630**	**1,085**	**15.7**	**107.7**	**72.2**
D	**Profit**						
	i. Operating Profit (EBPT)	-111	106	209	85.4	195.4	97.0
	ii. Net Profit/Loss	-131	92	94	83.6	170.0	3.0

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

IV.102 Their NIM improved from 3.7 per cent at end-March 2023 to 5.7 per cent at end-March 2024, reflecting higher increase in interest income relative to interest expenses (Chart IV.43). RoA and RoE of PBs remained positive at end-March 2024.

Chart IV.43: Profitability Indicators of Payments Banks



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

IV.103 PBs' cost-to-income ratio declined further during 2023-24, suggesting improvement in efficiency (Table IV.41).

17. Overall Assessment

IV.104 During 2023-24, banks' consolidated balance sheet expanded at a healthy pace, with robust deposit and credit growth. Broad-based credit growth was led by personal loans and services sectors. Banks' profitability improved, while liquidity and provision buffers remained comfortable. Lower slippages helped strengthen asset quality across the board. The share of unsecured advances in total advances declined, reflecting the Reserve Bank's measures to contain build-up of risk in these sectors.

IV.105 New and emerging technologies are reshaping the banking industry by bringing in innovative solutions along with new challenges. Indian banks are at the forefront of digitalisation,

Table IV.41: Select Financial Ratios of Payments Banks
(At end-March)

Sr. No.	Item	2022	2023	2024
1	2	3	4	5
1	Return on Assets	-0.7	0.4	0.4
2	Return on Equity	-5.3	3.1	2.7
3	Investments to Total Assets	56.1	52.7	55.9
4	Net Interest Margin	2.3	3.7	5.7
5	Efficiency (Cost-Income Ratio)	102.2	98.3	97.2
6	Operating Profit to Working Funds	-0.6	0.5	0.8
7	Profit Margin	-2.6	1.5	1.3

Note: Data pertain to 6 PBs.
Source: Off-site returns (domestic operations), RBI.

aiming to leverage technology for productivity and efficiency gains. With the adoption of new technology, however, the risks of cyber attacks, digital frauds, data breaches and operational failures have also increased.

IV.106 Going forward, there is a continuing need for banks to strengthen their risk management standards, IT governance arrangements and customer onboarding and transaction monitoring systems to check unscrupulous activities, including suspicious and unusual transactions.

V DEVELOPMENTS IN CO-OPERATIVE BANKING

Deposit growth of urban co-operative banks (UCBs) recovered in 2023-24 and credit growth remained steady. The financial performance of UCBs improved on the back of higher profitability, strengthened capital buffers and lower gross non-performing assets (GNPA) ratio. The GNPA ratio of state co-operative banks (StCBs) and district central co-operative banks (DCCBs) declined, but remained elevated relative to commercial banks.

1. Introduction

V.1 Co-operative banks play a vital role in India's financial ecosystem, particularly in promoting financial inclusion and supporting rural development. Over the years, various reforms have been initiated to strengthen the co-operative banking sector – expanding the regulatory powers of the Reserve Bank under the Banking Regulation (BR) Act to address issues relating to dual regulation of the sector; greater freedom to co-operative banks to raise capital; and deposit insurance reforms to strengthen depositors' confidence in the sector. The Reserve Bank introduced a prompt corrective action (PCA) framework in July 2024 for urban co-operative banks (UCBs) in Tier 2 to 4 and enhanced monitoring for Tier 1 UCBs, which will be effective from April 1, 2025.

V.2 Against this backdrop, the rest of the chapter focuses on the performance of urban and rural co-operative banks during the period under review[1]. Section 2 discusses the evolving structure of the co-operative banking sector, followed by evaluation of profitability, asset quality and capital adequacy of UCBs in Section 3. Section 4 examines the financial performance of short-term and long-term rural co-operatives. This is followed by an overall assessment in Section 5.

2. Structure of the Co-operative Banking Sector

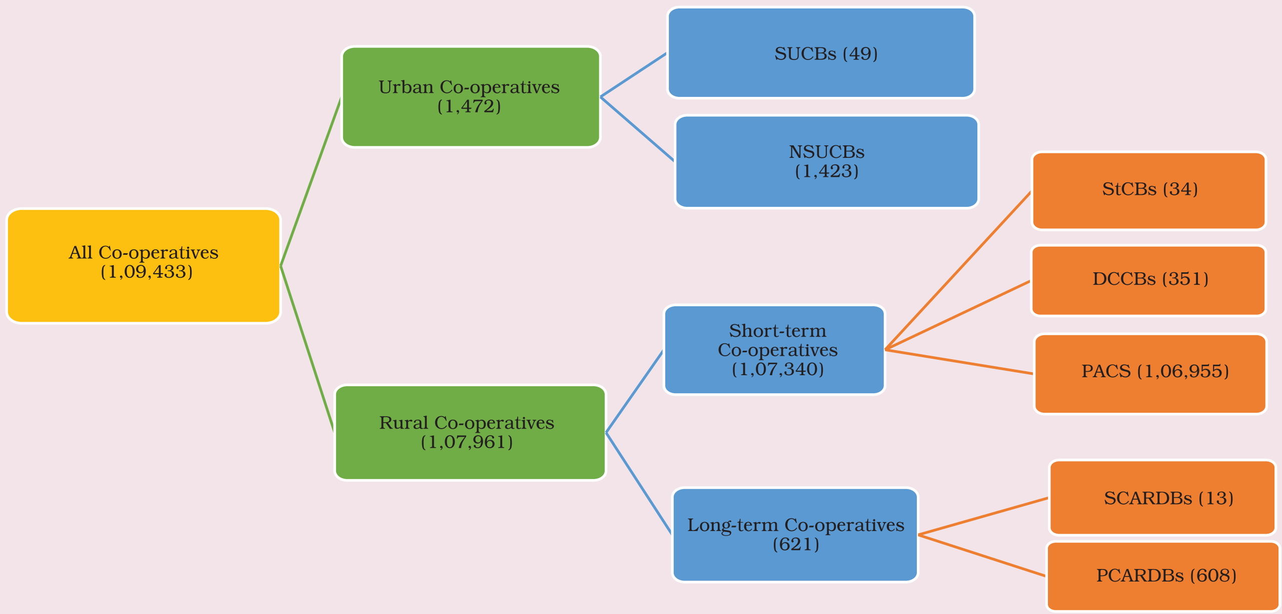
V.3 The co-operative banking structure, comprising UCBs and rural credit co-operatives (RCCs), supplements the commercial banking institutions by focusing on serving the marginalised borrowers and promoting financial inclusion in villages and small towns. UCBs are classified as scheduled or non-scheduled, based on whether they are included in the second schedule of the Reserve Bank of India Act, 1934[2] and their geographical outreach (single-state or multi-state). RCCs are classified into short-term and long-term institutions. During the period under review, there were 1,472 UCBs and 1,07,961 RCCs[3] (Chart V.1). In terms of number of institutions, more than 97 per cent of total co-

1 Although primary agriculture credit societies (PACS) and long-term rural credit co-operatives are outside the regulatory purview of the Reserve Bank, a brief description of their activities and performance is given in this chapter for the sake of completeness of the analysis.

2 Apart from scheduled co-operative banks, scheduled commercial banks are also included in the same schedule of the Act.

3 Data for PACS, state co-operative agriculture and rural development banks (SCARDBs) and primary co-operative agriculture and rural development banks (PCARDBs) are available with a lag of one year, *i.e.*, they relate to 2022-23.

Chart V.1: Structure of Credit Co-operatives



Notes: 1. SUCBs: Scheduled Urban Co-operative Banks; NSUCBs: Non-Scheduled Urban Co-operative Banks; StCBs: State Co-operative Banks; DCCBs: District Central Co-operative Banks; PACS: Primary Agricultural Credit Societies; SCARDBs: State Co-operative Agriculture and Rural Development Banks; PCARDBs: Primary Co-operative Agriculture and Rural Development Banks.

2. Figures in parentheses indicate the number of institutions at end-March 2024 for UCBs, StCBs and DCCBs and at end-March 2023 for other RCCs.

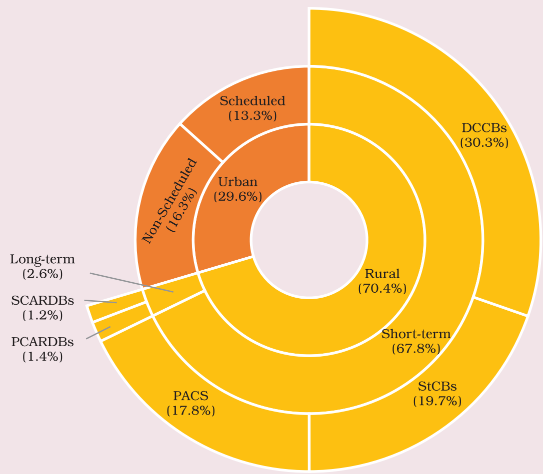
Source: RBI, NABARD and National Federation of State Co-operative Banks Ltd (NAFSCOB).

operative sector are primary agricultural credit societies (PACS), although in terms of assets, their share is only 17.8 per cent in the total co-operative segment and 25.3 per cent in RCCs.

V.4 UCBs are regulated and supervised by the Reserve Bank. State co-operative banks (StCBs) and district central co-operative banks (DCCBs) are registered under the provisions of State Cooperative Societies Act of the State concerned and are regulated by the Reserve Bank. They are supervised by National Bank for Agriculture and Rural Development (NABARD) under Sec 35 (6) of the BR Act.

V.5 The consolidated assets of the co-operative banking sector at end-March 2023 stood at ₹22.9 lakh crore, accounting for around 9.5 per cent of scheduled commercial banks' (SCBs') assets, down from 11.2 per cent at end-March 2014. RCCs comprise 70.4 per cent of the assets of the total co-operative sector (rural and urban co-operatives combined) (Chart V.2).

Chart V.2: Distribution of Credit Co-operatives by Asset Size
(At end-March 2023)



Note: The sunburst chart represents layers in the co-operative banking sector. Size of each segment is proportional to its share (mentioned in parentheses) in total assets of the sector.
Source: RBI, NABARD and NAFSCOB.

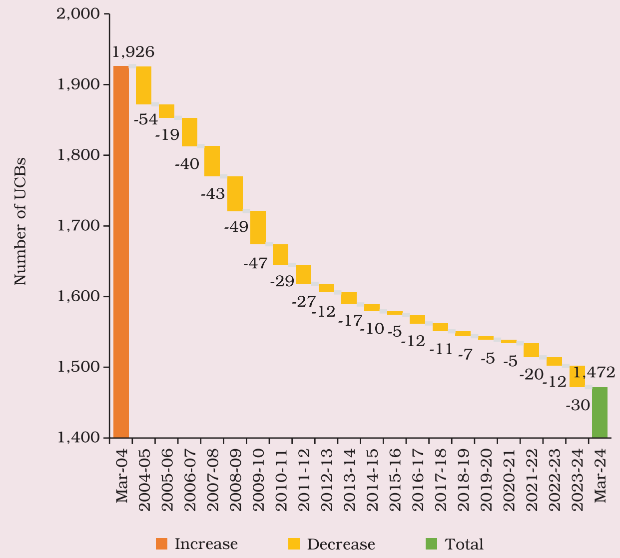
Table V.1 Share in Credit Flow to Agriculture

(Per cent)

	Rural Credit Co-operatives	Regional Rural Banks	Commercial Banks
1	2	3	4
2016-17	13.4	11.6	75.0
2017-18	12.9	12.1	74.9
2018-19	12.1	11.9	76.0
2019-20	11.3	11.9	76.8
2020-21	12.1	12.1	75.8
2021-22	13.0	11.0	76.0
2022-23	11.0	11.2	77.8
2023-24	9.5	11.1	79.4

Source: NABARD (ENSURE portal).

Chart V.3: Number of UCBs



Source: Off-site surveillance returns, RBI.

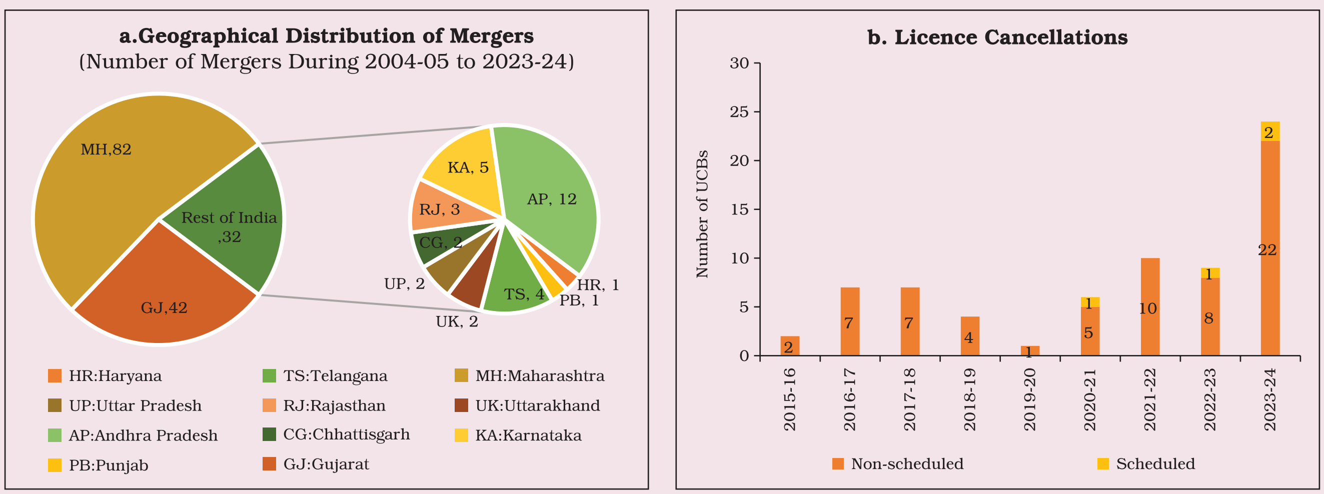
V.6 Rural co-operatives were set up with the primary objective of lending to agriculture. In 2023-24, their share in total credit to agriculture declined for the second consecutive year to less than 10 per cent due to increasing reach of commercial banks *via* technology and branch expansion (Table V.1).

3. Urban Co-operative Banks

V.7 The number of UCBs surged in the 1990s on the back of a liberal licensing policy. Over the years, nearly a third of the newly licensed banks became financially unsound. Starting 2004-05, the Reserve Bank initiated a process of consolidation, including amalgamation of unviable UCBs with their viable counterparts, closure of non-viable entities and suspension of issuance of new licences. As a result, the number of UCBs declined steadily over the last two decades from 1,926 to 1,472 (Chart V.3).

V.8 Since 2004-05, the sector has witnessed 156 mergers, including six in 2023-24, of which three were in Maharashtra, two were in Telangana and one was in Gujarat. Maharashtra accounted for majority of the mergers in the last two decades, followed by Gujarat and Andhra Pradesh (Chart V.4a). During 2023-24, licences

Chart V.4: Consolidation Drive in UCBs



Source: RBI.

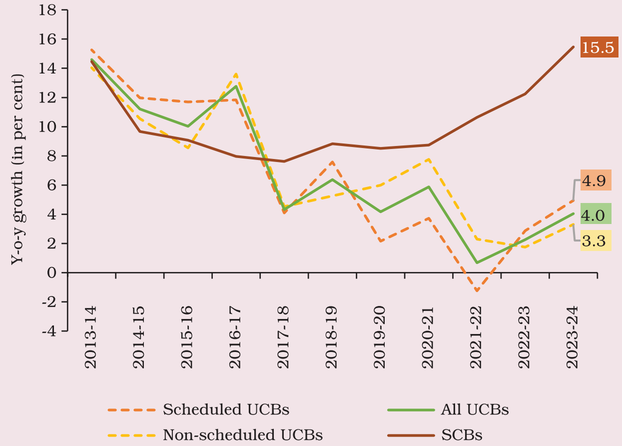
of 24 UCBs were cancelled, raising the total number of cancellations to 70 since 2015-16. 94.3 per cent of the cancellations have been in the non-scheduled category (Chart V.4b).

V.9 In line with the recommendations of the Expert Committee on Urban Co-operative Banks (Chairman: Shri. N.S. Vishwanathan), the Reserve Bank adopted a four-tiered regulatory framework for UCBs in 2022-23[4]. At end-March 2024, the share of UCBs in Tier 1 declined, while that of Tier 2 increased year-on-year (y-o-y), partly reflecting a growing deposit base. Tier 3 UCBs, with nearly 5 per cent share in the total number of UCBs, dominated the sector with more than one-third share in deposits, advances as well as total assets (Table V.2).

3.1. Balance Sheet

V.10 During 2023-24, the consolidated balance sheet of UCBs exhibited a muted growth of 4 per cent, *albeit* higher than 2.3 per cent in the previous year. The balance sheet size of UCBs relative to SCBs fell for the seventh successive year to 2.5 per cent at end-March 2024 from 3.8 per cent at end-March 2017, dragged down by subdued deposit growth on the liabilities side and loans on the asset side (Chart V.5).

Chart V.5: Asset Growth



Note: For SCBs, private sector bank data for 2023-24 is inclusive of merger of a non-bank with a private sector bank and therefore, the data may not be comparable to past periods before the merger.
Source: Off-site surveillance returns, RBI and annual accounts of respective banks.

V.11 Deposit growth of all UCBs exhibited a marginal improvement to 4.1 per cent during

Table V.2: Tier-wise Distribution of Urban Co-operative Banks
(At end-March 2024)

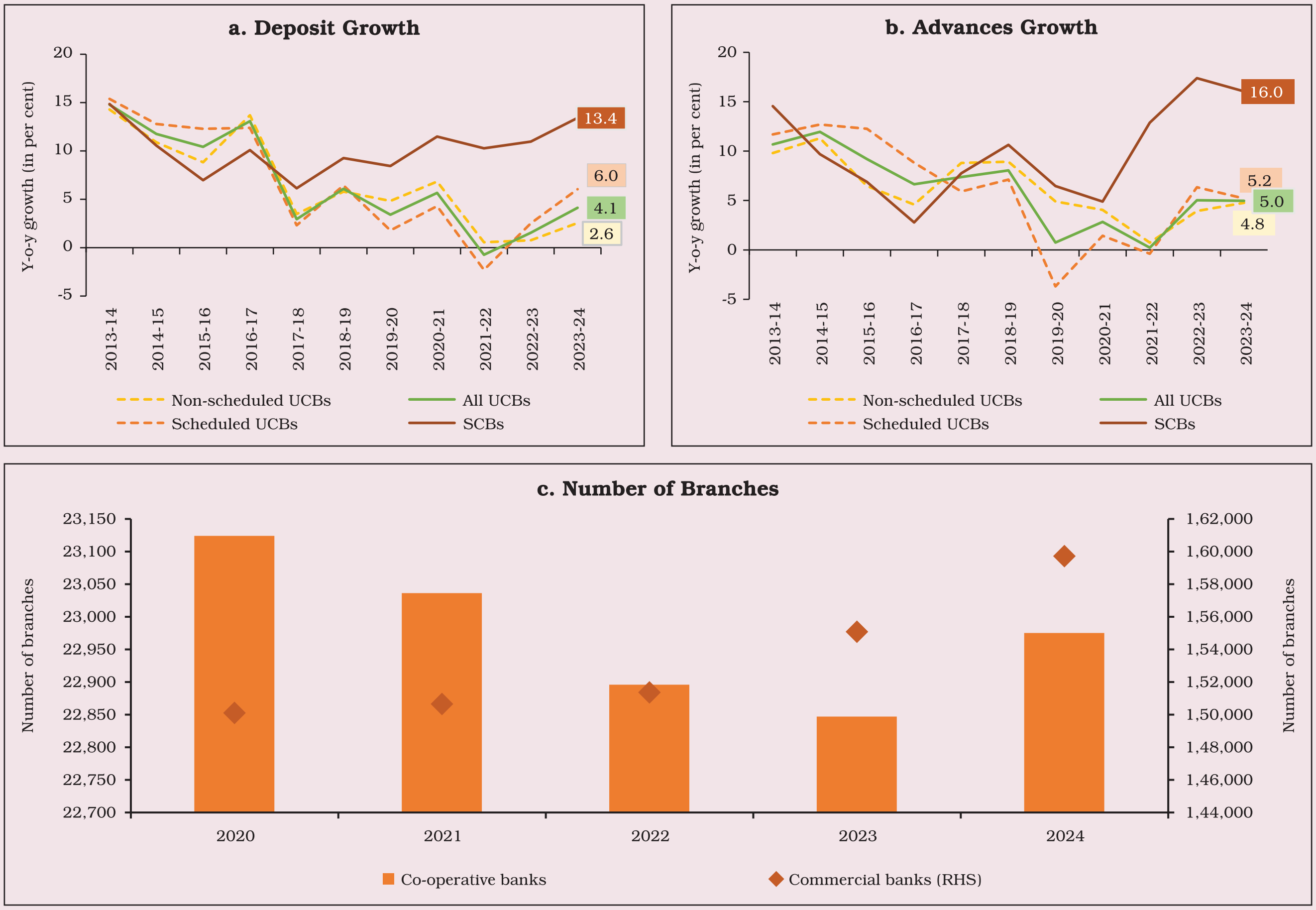
(Amount in ₹ crore, share in per cent)

Tier Type	No. of Banks		Deposits		Advances		Total Assets	
	Number	Share	Amount	Share	Amount	Share	Amount	Share
1	2	3	4	5	6	7	8	9
1	850	57.7	63,627	11.5	41,842	12.1	88,669	12.5
2	538	36.5	1,71,039	30.8	1,03,498	29.8	2,17,142	30.7
3	78	5.3	1,93,105	34.8	1,16,143	33.5	2,39,240	33.8
4	6	0.4	1,27,698	23.0	85,420	24.6	1,62,618	23.0
All UCBs	**1,472**	**100**	**5,55,469**	**100**	**3,46,903**	**100**	**7,07,669**	**100**

Notes: 1. Data are provisional.
2. Components may not add up to the whole due to rounding off.
Source: Off-site surveillance returns, RBI.

[4] UCBs with deposits up to ₹100 crore have been classified as Tier 1; those with deposits more than ₹100 crore and up to ₹1,000 crore as Tier 2; those with deposits more than ₹1,000 crore and up to ₹10,000 crore as Tier 3; and those above ₹10,000 crore are placed in Tier 4. As per the circular dated December 01, 2022, all unit UCBs and salary earners' UCBs (irrespective of deposit size) are classified as Tier 1 UCBs. The deposits referred to above shall be reckoned as per audited balance sheet as on 31st March of the immediate preceding financial year.

Chart V.6: Performance of UCBs *vis-à-vis* SCBs



Note: Data of deposits and advances for SCBs, for 2023-24, exclude the impact of the merger of a non-bank with a private sector bank.
Source: Off-site surveillance returns, CISBI portal of RBI and annual accounts of respective banks.

2023-24, remaining well below 13.4 per cent growth in SCBs (Chart V.6a). The pace sustained in H1:2024-25 with 4.4 per cent growth in deposits of UCBs. Credit growth of UCBs was steady at 5.0 per cent in 2023-24, less than a third of the expansion of 16.0 per cent recorded by SCBs (Table V.3 and Chart V.6b). The credit growth of UCBs, however, accelerated to 6.2 per cent at end-September 2024. Deposit and credit growth of UCBs has trailed that of SCBs in recent years reflecting, *inter alia*, the decline in the number of UCBs and their branch network (Chart V.6c). SCBs, on the other hand, have been leveraging technology as well as the business correspondents (BCs) model extensively to expand their reach.

V.12 The credit-deposit (C-D) ratio of UCBs increased for the third consecutive year in 2023-24 to 62.5 per cent (Chart V.7). The share of borrowings in total liabilities of UCBs was 0.8 per cent at end-March 2024, less than a tenth of that of SCBs (9.0 per cent).

V.13 The distribution of the number of UCBs in terms of assets and deposits has been shifting rightwards over the years and has turned from bi-modal to unimodal (Chart V.8). In 2014-15, more than 40 per cent of UCBs were in the asset classes ₹25 crore to ₹50 crore and ₹100 crore to

Table V.3: Balance Sheet of Urban Co-operative Banks
(At end-March)

(Amount in ₹ crore)

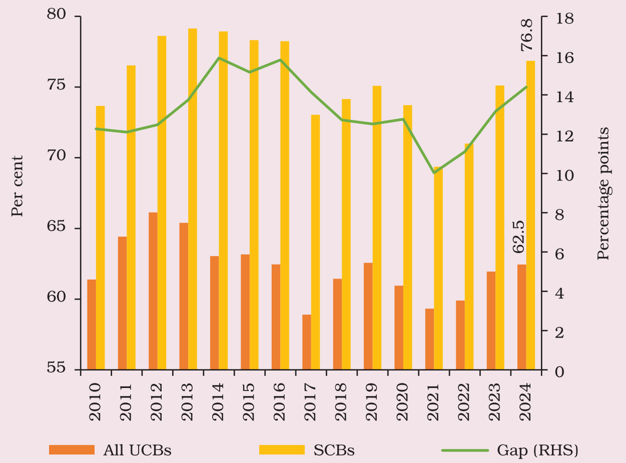
	Scheduled UCBs		Non-Scheduled UCBs		All UCBs		All UCBs (y-o-y growth in per cent)	
	2023	2024	2023	2024	2023	2024	2022-23	2023-24
1	2	3	4	5	6	7	8	9
Liabilities								
1) Capital	4,256 (1.4)	4,293 (1.3)	10,459 (2.8)	10,831 (2.8)	14,715 (2.2)	15,124 (2.1)	3.2	2.8
2) Reserves and Surplus	22,287 (7.3)	25,298 (7.9)	25,958 (6.9)	29,435 (7.6)	48,245 (7.1)	54,732 (7.7)	12.7	13.4
3) Deposits	2,39,982 (78.3)	2,54,479 (79.1)	2,93,484 (78.6)	3,00,991 (78.0)	5,33,466 (78.4)	5,55,469 (78.5)	1.5	4.1
4) Borrowings	5,776 (1.9)	5,082 (1.6)	465 (0.1)	297 (0.1)	6,241 (0.9)	5,380 (0.8)	10.3	-13.8
5) Other Liabilities and Provisions	34,280 (11.2)	32,571 (10.1)	43,250 (11.6)	44,392 (11.5)	77,530 (11.4)	76,963 (10.9)	0.5	-0.7
Assets								
1) Cash in Hand	1660 (0.5)	1759 (0.5)	4224 (1.1)	4434 (1.1)	5884 (0.9)	6193 (0.9)	-6.4	5.3
2) Balances with RBI	12,770 (4.2)	13,778 (4.3)	3,592 (1.0)	4,545 (1.2)	16,362 (2.4)	18,323 (2.6)	-0.4	12.0
3) Balances with Banks	21,011 (6.9)	24,701 (7.7)	45,718 (12.2)	47,715 (12.4)	66,729 (9.8)	72,415 (10.2)	-4.9	8.5
4) Money at Call and Short Notice	2,554 (0.8)	2,367 (0.7)	886 (0.2)	919 (0.2)	3,440 (0.5)	3,286 (0.5)	-31.1	-4.5
5) Investments	83,254 (27.2)	86,626 (26.9)	1,07,412 (28.7)	1,07,188 (27.8)	1,90,666 (28.0)	1,93,814 (27.4)	1.6	1.7
6) Loans and Advances	1,51,663 (49.5)	1,59,553 (49.6)	1,78,828 (47.9)	1,87,350 (48.5)	3,30,491 (48.6)	3,46,903 (49.0)	5.0	5.0
7) Other Assets	33,668 (11.0)	32,939 (10.2)	32,957 (8.8)	33,795 (8.8)	66,625 (9.8)	66,734 (9.4)	2.4	0.2
Total Liabilities/ Assets	**3,06,581 (100)**	**3,21,723 (100)**	**3,73,616 (100)**	**3,85,946 (100)**	**6,80,197 (100)**	**7,07,669 (100)**	**2.3**	**4.0**

Notes: 1. Data for 2024 are provisional.
2. Figures in parentheses are proportion to total liabilities / assets (in per cent).
3. Components may not add up to the whole due to rounding off.

Source: Off-site surveillance returns, RBI.

₹250 crore; in 2023-24, 44.3 per cent of UCBs were in the asset classes ₹50 crore to ₹250 crore. In terms of advances, the modal class was ₹25 crore to ₹50 crore at end-March 2024,

Chart V.7: Credit-Deposit Ratio: UCBs *versus* SCBs
(At end-March)



Note: Data for SCBs for March 2024 exclude the impact of the merger of a non-bank with a private sector bank.
Source: Off-site surveillance returns, RBI and annual accounts of respective banks.

Chart V.8: Distribution of UCBs by Asset Size

Source: Off-site surveillance returns, RBI.

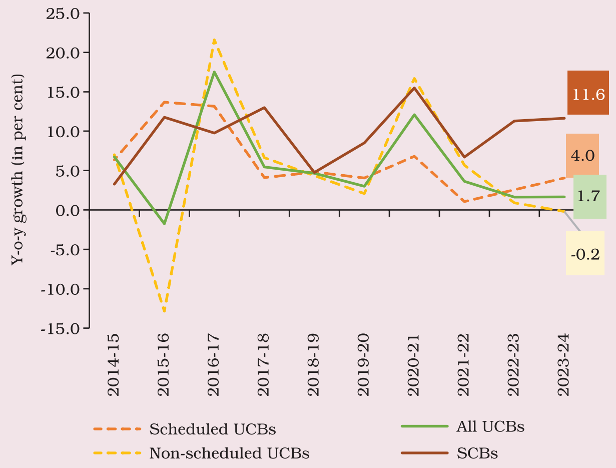
Table V.4: Distribution of UCBs by Size of Deposits, Advances and Assets
(At end-March 2024)

(Amount in ₹ crore)

	Deposits		Advances		Assets	
	No. of UCBs	Amount	No. of UCBs	Amount	No. of UCBs	Amount
1	2	3	4	5	6	7
0 ≤ X < 10	83	495	183	1,093	40	251
10 ≤ X < 25	164	2,914	241	4,096	118	2,072
25 ≤ X < 50	240	8,879	282	9,921	212	7,839
50 ≤ X < 100	300	21,543	258	18,084	308	22,489
100 ≤ X < 250	322	52,648	256	39,538	344	55,860
250 ≤ X < 500	156	55,565	135	47,284	199	70,093
500 ≤ X < 1000	116	79,450	65	45,585	132	92,885
1000 ≤ X	91	3,33,976	52	1,81,301	119	4,56,181
Total	**1,472**	**5,55,469**	**1,472**	**3,46,903**	**1,472**	**7,07,669**

Notes: 1. Data are provisional.
2. 'X' indicates amount of deposits, advances and assets.
Source: Off-site surveillance returns, RBI.

Chart V.9: Investments: UCBs *versus* SCBs



Note: Data for SCBs for 2023-24 exclude the impact of the merger of a non-bank with a private sector bank.
Source: Off-site surveillance returns, RBI and annual accounts of respective banks.

with more than 80 per cent of UCBs with total advances less than ₹250 crore (Table V.4).

V.14 During 2023-24, UCBs' investment growth remained largely unchanged, widening the wedge with SCBs (Chart V.9).

V.15 90 per cent of UCBs' investments were in SLR instruments, as compared with 83 per cent for SCBs. During 2023-24, the SLR investments of UCBs in central government securities contracted (Table V.5). Over the years, the share of state government securities in total SLR investments of UCBs has been rising.

3.2. Financial Performance and Profitability

V.16 The operating profits of UCBs fell during 2023-24 as total expenditure expanded at a faster pace than total income. However, net profits (before as well as after tax) were higher due to decline in provisions and contingencies on the back of improved asset quality. Non-interest income fell due to decline in

Table V.5: Investments by Urban Co-operative Banks

(Amount in ₹ crore)

	Amount Outstanding (At end-March)			Variation (%)	
	2022	2023	2024	2022-23	2023-24
1	2	3	4	5	6
Total Investments (A + B)	1,87,612 (100.0)	1,90,666 (100.0)	1,93,814 (100.0)	1.6	1.7
A. SLR Investments (i to iii)	1,67,802 (89.4)	1,71,715 (90.1)	1,74,352 (90.0)	2.3	1.5
(i) Central Govt. Securities	1,04,762 (55.8)	1,06,716 (56.0)	1,06,223 (54.8)	1.9	-0.5
(ii) State Govt. Securities	62,613 (33.4)	64,695 (33.9)	67,741 (35.0)	3.3	4.7
(iii) Other approved Securities	427 (0.2)	304 (0.2)	388 (0.2)	-28.8	27.6
B. Non-SLR Investments	19,809 (10.6)	18,951 (9.9)	19,462 (10.0)	-4.3	2.7

Notes: 1. Data for 2024 are provisional.
2. Figures in parentheses are proportion to total investments (in per cent).
3. Components may not add up to the whole due to rounding off.
Source: Off-site surveillance returns, RBI.

Table V.6: Financial Performance of Scheduled and Non-Scheduled Urban Co-operative Banks

(Amount in ₹ crore)

	Scheduled UCBs		Non-Scheduled UCBs		All UCBs		All UCBs Variation (%)	
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
1	2	3	4	5	6	7	8	9
A. Total Income [i+ii]	**22,460 (100.0)**	**24,172 (100.0)**	**29,921 (100.0)**	**31,054 (100.0)**	**52,381 (100.0)**	**55,226 (100.0)**	**1.8**	**5.4**
i. Interest Income	19,473 (86.7)	21,476 (88.8)	28,125 (94.0)	29,232 (94.1)	47,598 (90.9)	50,708 (91.8)	2.1	6.5
ii. Non-interest Income	2,987 (13.3)	2,696 (11.2)	1,796 (6.0)	1,821 (5.9)	4,783 (9.1)	4,518 (8.2)	-0.8	-5.5
B. Total Expenditure [i+ii]	**17,820 (100.0)**	**19,785 (100.0)**	**24,592 (100.0)**	**25,999 (100.0)**	**42,411 (100.0)**	**45,784 (100.0)**	**-0.5**	**8.0**
i. Interest Expenditure	11,093 (62.3)	12,838 (64.9)	16,382 (66.6)	17,451 (67.1)	27,475 (64.8)	30,289 (66.2)	-4.3	10.2
ii. Non-interest Expenditure	6,727 (37.7)	6,947 (35.1)	8,209 (33.4)	8,548 (32.9)	14,936 (35.2)	15,495 (33.8)	7.5	3.7
of which : Staff Expenses	2,955	2,999	4,259	4,370	7,214	7,368	2.7	2.1
C. Profits								
i. Amount of Operating Profits	4,641	4,387	5,329	5,055	9,970	9,441	12.9	-5.3
ii. Provision and Contingencies	2,899	1,200	2,671	1,904	5,570	3,104	15.9	-44.3
iii. Provision for taxes	468	751	852	858	1,319	1,609	16.9	21.9
iv. Amount of Net Profit before Taxes	1,742	3,187	2,658	3,151	4,400	6,338	9.3	44.0
v. Amount of Net Profit after Taxes	1,274	2,435	1,807	2,293	3,080	4,729	6.4	53.5

Notes: 1. Data for 2023-24 are provisional.
2. Figures in parentheses are proportion to total income/expenditure (in per cent).
3. Components may not add up to the whole due to rounding off.

Source: Off-site returns, RBI.

dividend income, loss on sale of fixed assets and reduced profits on forex operations. The growth in non-interest expenditure of UCBs decelerated, partly on account of moderation in staff expenses (Table V.6 and Appendix Table V.1). The share of non-interest income in total income was higher in larger SUCBs and inversely related to their profitability (Box V.1).

Box V.1: Determinants of Non-Interest Income in Scheduled Urban Co-operative Banks

While interest income is the core of banking activity, diversification through non-interest earnings can help yield higher risk-adjusted profits (Ahamed, 2017).

The share of non-interest income in total income of SUCBs in India increased from 10.7 per cent in 2014-15 to 16.7 per cent in 2019-20 before moderating to 13.3 per cent in 2022-23. Using annual panel data for 47 SUCBs for the period 2014-15 to 2022-23, two fixed effects panel regression models are estimated to explore the determinants of the share of non-interest income in total income. Bank specific explanatory variables, such as, asset size, return on assets (RoA) and cost to income ratio and macroeconomic control variables (nominal GDP growth) have been incorporated in Model I. In Model II, an interaction dummy [Dummy Tier123*ROA (-1)] has been introduced to assess the differential impact of profitability of Tier 4 SUCBs on share of non-interest income. Dummy Tier123 takes the value 1 for SUCBs with deposit base of less than ₹ 10,000 crore, *i.e.*, Tier 1 to 3 SUCBs, and value 0 for Tier 4 SUCBs (deposits > ₹10,000 crore).

The regression estimates indicate that SUCBs with larger asset size have a higher share of non-interest income. Higher profitability (RoA) seems to dampen the share of non-interest income (Table V.1.1). Moreover, as profitability increases, the decline in the share of non-interest income for Tier 1 to 3 SUCBs is less, as compared to Tier 4 SUCBs (Model II). Overall, the empirical analysis suggests that as banks grow in size, they are able to diversify towards non-traditional activities, which boosts their non-interest income.

(Contd.)

Table V.1.1: Determinants of SUCBs' Non-Interest Income

Explanatory Variables	Share of Non-interest income	Share of Non-interest income
	(1)	(2)
Share of Non-interest income (-1)	0.00361 (0.128)	0.00193 (0.128)
GDP growth rate	-0.119* (0.0606)	-0.117* (0.0603)
Cost to income ratio (-1)	-3.143 (6.719)	-3.235 (6.720)
Log total assets (-1)	4.285*** (1.551)	4.613*** (1.599)
ROA (-1)	-0.431* (0.243)	-2.953** (1.428)
Dummy Tier123*ROA (-1)		2.522* (1.392)
Constant	-19.09 (15.36)	-21.45 (15.60)
Observations	376	376
R-squared	0.513	0.514

Notes: 1. Robust standard errors in parentheses.
2. *** p<0.01, ** p<0.05, * p<0.1
Source: RBI staff estimates.

Reference:

Ahamed, M. M. (2017). Asset Quality, Non-Interest Income, and Bank Profitability: Evidence from Indian Banks, *Economic Modelling*, 63, 1-14.

V.17 Reflecting higher net profits, UCBs' return on assets (RoA), return on equity (RoE) and net interest margin (NIM) improved during 2023-24. During H1:2024-25, UCBs' profitability improved further (Table V.7).

V.18 UCBs' profitability, which dipped in 2019-20 due to losses incurred by a large UCB, has recovered since then with an improvement in asset quality (Chart V.10 a and b).

Table V.7: Select Profitability Indicators of UCBs

(Per cent)

	Scheduled UCBs		Non-Scheduled UCBs		All UCBs		
	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	Sep-24
1	2	3	4	5	6	7	8
Return on Assets	0.42	0.78	0.49	0.60	0.46	0.68	0.84
Return on Equity	5.08	8.68	5.17	5.98	5.13	7.12	8.4
Net Interest Margin	2.77	3.35	3.17	4.02	2.99	3.70	3.42

Note: Data for 2023-24 are provisional.
Source: Off-site surveillance returns, RBI.

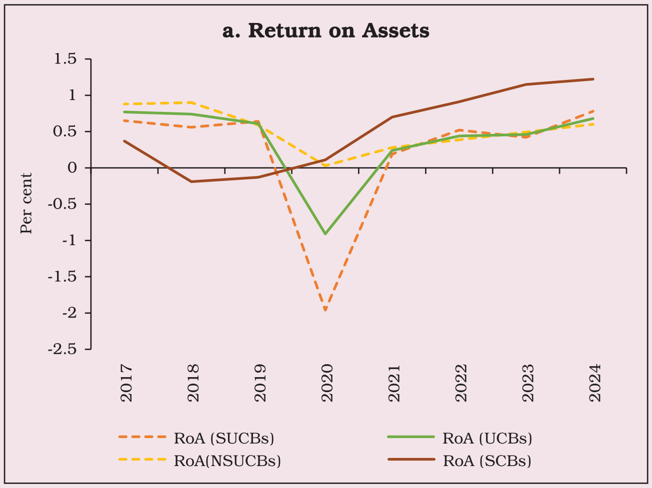
3.3. Soundness

V.19 The number of instances of penalty imposition on co-operative banks (including UCBs) increased by 22 per cent to 215 during 2023-24 from 176 in the previous year. However, the amount of penalty imposed declined by 13.8 per cent (Table IV.16 in Chapter IV). The Deposit Insurance and Credit Guarantee Corporation (DICGC) settled claims of ₹1,432 crore during 2023-24, which pertained entirely to co-operative banks placed under liquidation/ all-inclusive directions (AID).

3.4. Capital Adequacy

V.20 In July 2022, the revised regulatory framework (effective from April 1, 2023) for UCBs increased the minimum regulatory capital requirement for Tier 2 to Tier 4 UCBs to 12 per cent, while keeping it at 9 per cent for Tier 1

Chart V.10: Profitability Indicators: UCBs *versus* SCBs
(At end-March)



Source: Annual accounts of banks and off-site surveillance returns, RBI.

UCBs. At end-March 2024, 42.3 per cent of the UCBs belonged to upper tiers (Tier 2 to Tier 4), while more than 90 per cent maintained CRARs above 12 per cent (Table V.8 and Appendix Table V.2).

V.21 During 2023-24, the consolidated CRAR of UCBs improved on the back of higher Tier I capital, driven *inter alia* by increased profitability due to lower provisions and regulatory permission to include revaluation reserves in Tier I capital[5] (Table V.9). Additionally, UCBs' efforts to raise long-term subordinate bonds strengthened their capital base.

V.22 Reflecting sharper accretion to capital from 2021-22 onward, UCBs' CRAR was higher than that of SCBs at end-March 2024 (Chart V.11). The CRAR remained stable at 17.5 per cent at end-September 2024.

Table V.8: CRAR-wise Distribution of UCBs
(At end-March 2024)

(Number of banks)

CRAR (in per cent)	Scheduled UCBs	Non-Scheduled UCBs	All UCBs
1	2	3	4
CRAR < 3	1	28	29
3 <= CRAR < 6	1	13	14
6 <= CRAR < 9	0	14	14
9 <= CRAR < 12	2	85	87
12 <= CRAR	45	1,283	1328
Total	**49**	**1,423**	**1,472**

Note: Data are provisional.
Source: Off-site surveillance returns, RBI.

Chart V.11: CRAR: UCBs *versus* SCBs
(At end-March)

Source: Off-site surveillance returns, RBI

5 Revaluation reserves were earlier considered as Tier II capital, but were allowed as Tier I capital, subject to certain conditions, from end-March 2023.

Table V.9: Component-wise Capital Adequacy of UCBs
(At end-March)

(Amount in ₹ crore)

		Scheduled UCBs		Non-Scheduled UCBs		All UCBs	
		2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8
1	**Capital Funds**	**23,367**	**25,964**	**30,715**	**33,238**	**54,081**	**59,202**
	i) Tier I Capital	18,016	20,125	26,762	29,086	44,778	49,210
	ii) Tier II Capital	5,351	5,839	3,953	4,152	9,304	9,992
2	**Risk-weighted Assets**	**1,50,776**	**1,57,866**	**1,70,247**	**1,80,672**	**3,21,024**	**3,38,538**
3	**CRAR (1 as % of 2)**	**15.5**	**16.4**	**18.0**	**18.4**	**16.8**	**17.5**
	Of which:						
	Tier I	11.9	12.7	15.7	16.1	13.9	14.5
	Tier II	3.5	3.7	2.3	2.3	2.9	3.0

Note: Data for 2024 are provisional.
Source: Off-site surveillance returns, RBI.

3.5. Asset Quality

V.23 The asset quality of UCBs, measured by the gross non-performing assets (GNPA) ratio, improved for the third consecutive year, although remaining well above that of SCBs (Chart V.12a). At end-September 2024, the GNPA ratio of UCBs was 9.6 per cent as compared to 10.9 per cent at end-September 2023. Among UCBs, NSUCBs had higher GNPA ratios. As the decline in GNPAs outpaced falling provisions, the provision coverage ratio (PCR) improved and is likely to increase further with the phased harmonisation of UCBs' provisioning norms for standard advances[6] (Table V.10).

V.24 At end-March 2024, large borrowal accounts, *i.e.*, accounts with exposures of ₹5 crore and above, constituted 24.3 per cent of UCBs' total lending and 31.1 per cent of their GNPAs. These accounts exhibited varied behaviour between SUCBs and NSUCBs. 43 per cent of SUCBs' lending was concentrated in these accounts, while NSUCBs' exposure to these borrowers was less than 10 per cent. The large borrowers accounted for 15.3 per cent of NSUCBs' NPAs, and 63.0 per cent of SUCBs' NPAs. For the sector as a whole, special mention accounts-1 (SMA-1) declined during the year but SMA-2 increased, mainly led by SUCBs (Chart V.12b).

3.6. Priority Sector Lending

V.25 The revised guidelines for priority sector lending set higher targets for UCBs to be achieved in a phased manner[7]. The target for end-March 2023 and end-March 2024 was 60 per cent of

Table V.10: Non-Performing Assets of UCBs
(At end-March)

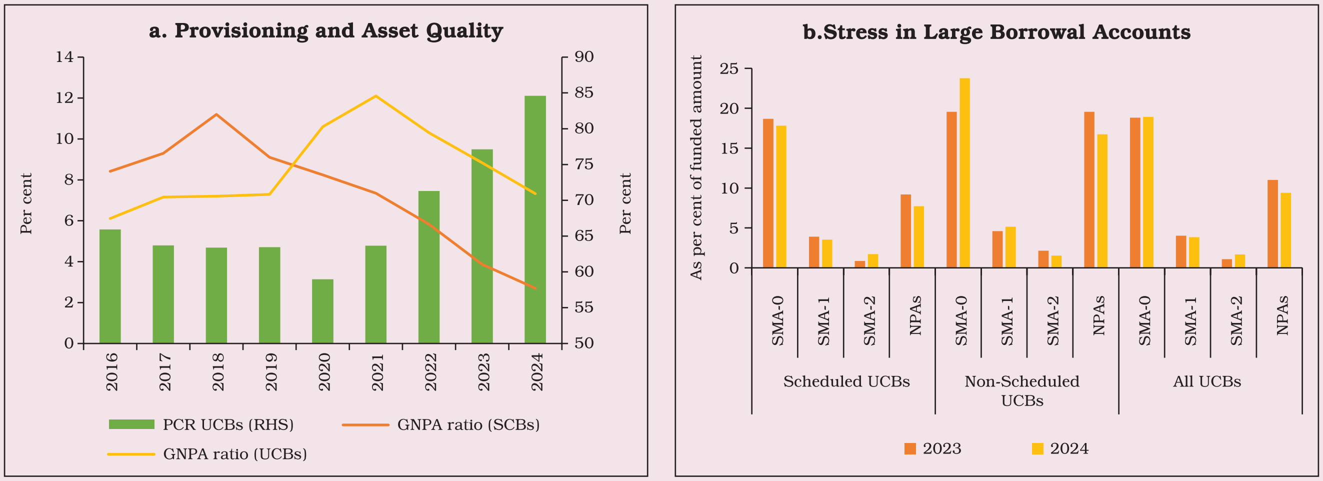
	Scheduled UCBs		Non-Scheduled UCBs		All UCBs	
	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7
Gross NPAs (₹ crore)	10,016	8,422	19,188	16,988	29,204	25,411
Gross NPA Ratio (%)	6.6	5.3	10.7	9.1	8.8	7.3
Net NPAs (₹ crore)	2,298	1,960	4,386	1,953	6,684	3,913
Net NPA Ratio (%)	1.6	1.3	2.7	1.1	2.2	1.2
Provisioning (₹ crore)	7,718	6,462	14,802	15,035	22,520	21,497
Provisioning Coverage Ratio (%)	77.1	76.7	77.1	88.5	77.1	84.6

Note: Data for 2024 are provisional.
Source: Off-site surveillance returns, RBI.

6 The erstwhile Tier I UCBs, which were maintaining standard asset provision of 0.25 per cent on 'all other loans and advances not included above', are required to increase the provisioning requirement in a staggered manner to reach: 0.30 per cent by March 31, 2024, 0.35 per cent by September 30, 2024 and 0.40 per cent by March 31, 2025.

7 The guidelines issued in March 2020 and revised in July 2023 require UCBs to meet the target of 60 per cent, 65 per cent and 75 per cent of the higher of their ANBC or CEOBE by end-March 2024, 2025, and 2026, respectively.

Chart V.12: Asset Quality
(At end-March)

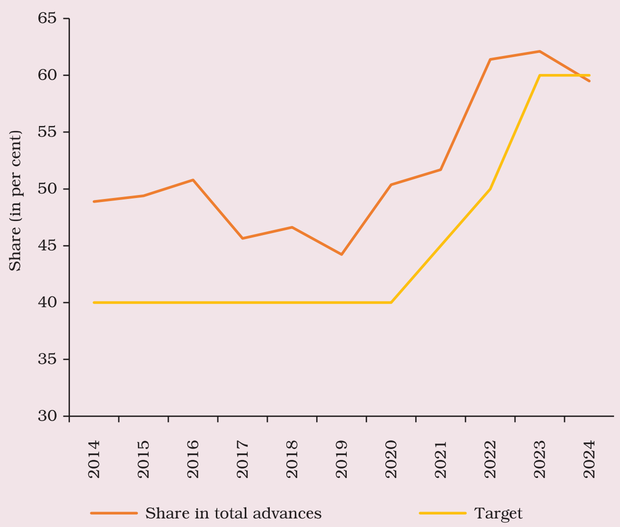


Source: Off-site surveillance returns, RBI and annual accounts of banks.

the adjusted net bank credit (ANBC) or CEOBE. While the UCBs had met the target comfortably at end-March 2023, they missed it at end-March 2024 (Chart V.13).

V.26 During 2023-24, the share of MSMEs, particularly small enterprises, in total priority sector lending declined. UCBs' lending to micro enterprises exceeded the target of 7.5 per cent. Although lending to weaker sections declined, UCBs met the target of 11.5 per cent. The share of renewable energy in total advances increased, *albeit* marginally (Table V.11).

Chart V.13: Priority Sector Lending
(At end-March)



Source: Off-site surveillance returns, RBI.

4. Rural Credit Co-operatives

V.27 Rural credit co-operatives (RCCs) came into existence as institutional mechanisms to provide adequate and affordable credit for farming and allied activities. They play an important role in rural credit delivery due to their grass root level presence in the hinterland. RCCs differ from their urban peers in terms of their area of operations, reach, performance and composition of liabilities. At end-March 2024, there were 34 state co-operative banks (StCBs) with 2,140 branches and 351 district central co-operative banks (DCCBs)[8] operating through 13,759 branches. At end-March 2023, 1,06,955 primary agriculture credit societies (PACS) were spread over 6.5 lakh villages and long-term RCCs comprised of 13 state co-operative agriculture and rural development banks

[8] Including 3 DCCBs in Jammu and Kashmir, which are yet to be licensed and excluding Tamil Nadu Industrial Co-operative Bank Ltd., which is considered a DCCB only for the purposes of regulation/supervision.

Table V.11: Composition of Credit to Priority Sectors by UCBs
(At end-March)

(Amount in ₹ crore)

		2023		2024	
		Amount	Share in Total Advances (%)	Amount	Share in Total Advances (%)
1	2	3	4	5	6
1	Agriculture [(i)+(ii)+(iii)]	15,404	4.7	16,329	4.7
	(i) Farm Credit	11,470	3.5	12,328	3.6
	(ii) Agriculture Infrastructure	902	0.3	1,224	0.4
	(iii) Ancillary Activities	3,032	0.9	2,777	0.8
2	Micro and Small Enterprises [(i) + (ii) + (iii) + (iv)]	1,24,658	37.7	1,29,069	37.2
	(i) Micro Enterprises	52,849	16.0	56,533	16.3
	(ii) Small Enterprises	48,903	14.8	48,495	14.0
	(iii) Medium Enterprises	22,281	6.7	23,492	6.8
	(iv) Advances to KVI (Including 'Other Finance to MSMEs')	625	0.2	549	0.2
3	Export Credit	319	0.1	723	0.2
4	Education	3,187	1.0	3,226	0.9
5	Housing	29,286	8.9	29,268	8.4
6	Social Infrastructure	1,151	0.3	1,038	0.3
7	Renewable Energy	972	0.3	1,419	0.4
8	'Others' category under Priority Sector	30,121	9.1	25,326	7.3
9	**Total (1 to 8)**	2,05,269	62.1	2,06,399	59.5
	of which, Loans to Weaker Sections under Priority Sector	45,565	13.8	42,743	12.3

Notes: 1. Data for 2024 are provisional.
2. Percentages are with respect to the total credit of UCBs.

Source: Off-site surveillance returns, RBI.

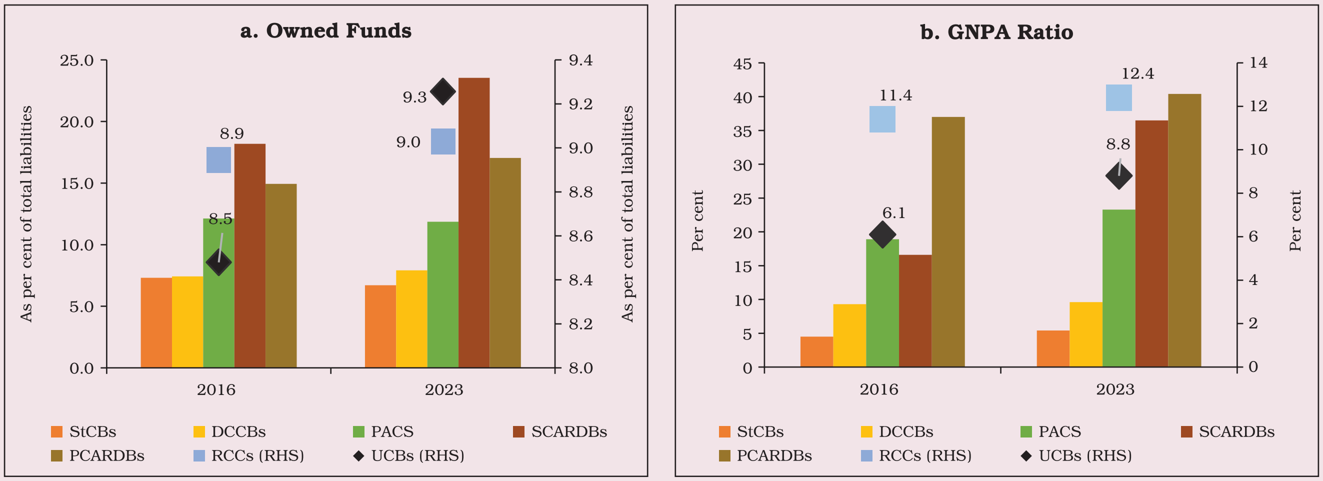
(SCARDBs) with 692 branches and 608 primary co-operative agriculture and rural development banks (PCARDBs).

V.28 While UCBs primarily depend on deposits to raise funds, RCCs rely heavily on borrowings. Deposits constituted 78.4 per cent of UCBs' total liabilities at end-March 2023 as compared with 54.2 per cent for RCCs. On the other hand, borrowings were around 33 per cent of total liabilities of RCCs and less than 1 per cent of UCBs' liabilities at end-March 2023.

V.29 The owned funds[9] to liabilities ratio of UCBs has increased over time and surpassed that of RCCs at end-March 2023 due to higher reserves of the former. Amongst RCCs, SCARDBs continue to have the highest share of owned funds in total liabilities (Chart V.14a). The asset quality of UCBs remained better than RCCs, with the latter dragged down by the deteriorating GNPA ratio of long-term co-operatives (Chart V.14b).

V.30 RCCs, consisting of short-term and long-term institutions, expanded their operations further in 2022-23. Their share in the total assets of the co-operative sector (urban and

Chart V.14: RCCs *versus* UCBs: Balance Sheet and Asset Quality Indicators
(At end-March)

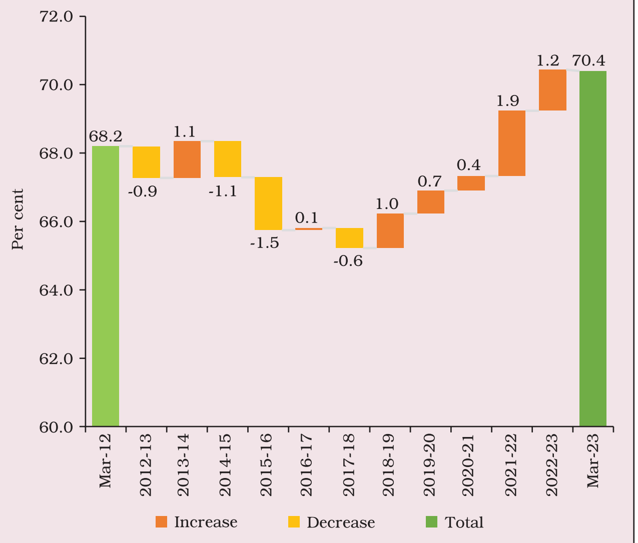


Source: RBI, NABARD and NAFSCOB.

[9] Owned funds include capital and reserves and surplus.

rural co-operatives combined) increased to 70.4 per cent from 69.2 per cent a year ago (Chart V.15).

Chart V.15: Share of Rural Credit Co-operatives in Total Co-operative Sector

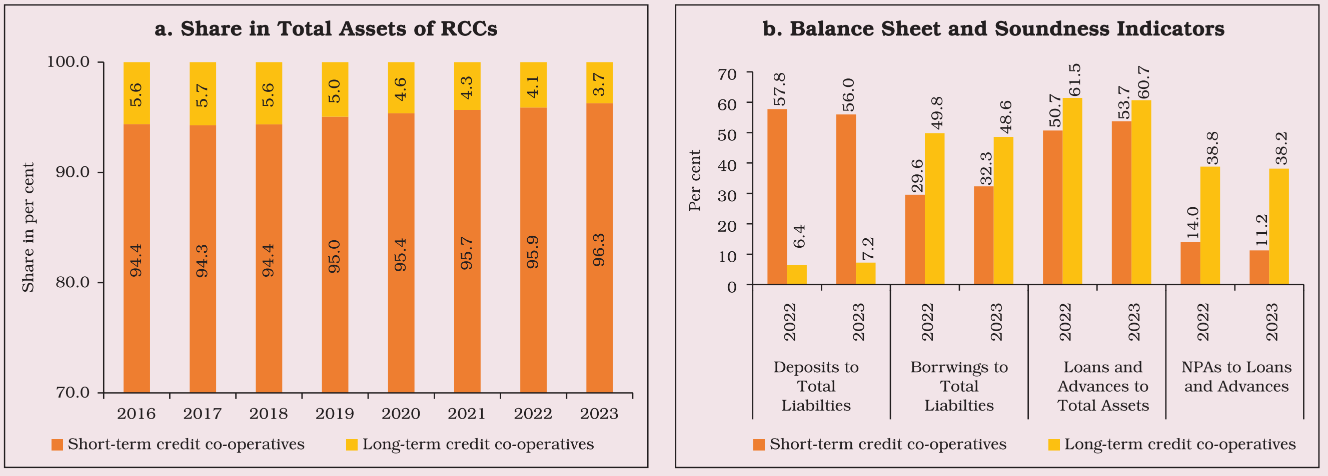


Source: RBI, NABARD and NAFSCOB.

V.31 Amongst RCCs, the short-term institutions provide crop loans and working capital loans to farmers and rural artisans. The long-term co-operatives - SCARDBs and PCARDBs - provide funding for investment in agriculture, including land development, farm mechanisation and minor irrigation, rural industries and housing. SCARDBs borrow from institutions, such as, the NABARD for direct lending as well as lending through PCARDBs. The RCC sector is dominated by short-term institutions and their share in total assets increased to 96.3 per cent at end-March 2023 from 94.4 per cent at end-March 2016 (Chart V.16a). While the reliance of both short-term and long-term credit co-operatives on borrowings is higher than UCBs, the depositor base of long-term credit co-operatives is especially small. The financial performance of short-term rural co-operatives has been relatively better than their long-term counterparts (Chart V.16b). RCCs face challenges from a non-diversified lending portfolio focussed on agriculture, high non-performing assets, low recoveries and high operating costs.

V.32 Despite the drag from the PACS, the RCC sector remained profitable for the fourth consecutive year (Table V.12). In 2022-23, the number of profit-making PCARDBs increased significantly on account of sharp increase in income (both interest and non-interest) and contraction in total expenditure (Chart V.17).

Chart V.16: Long-term *versus* Short-term RCCs
(At end-March)



Source: NABARD and NAFSCOB.

Table V.12: A Profile of Rural Credit Co-operatives
(At end-March 2023)

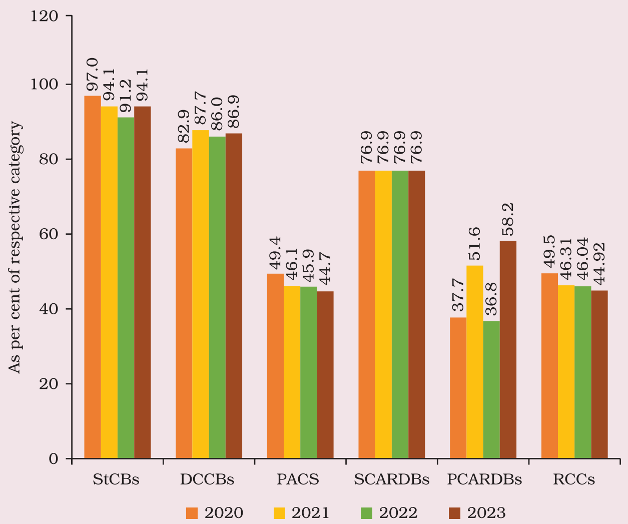
(Amount in ₹ crore)

	Short-term			Long-term		Rural Credit Co-operatives	
	StCBs	DCCBs	PACS	SCARDBs (P)	PCARDBs (P)	Mar-22	Mar-23
1	2	3	4	5	6	7	8
A. Number of Co-operatives	34	351	1,06,955	13	608	1,05,268	1,07,961
B. Balance Sheet Indicators							
i. Owned Funds (Capital + Reserves)	30,318	55,216	48,565	6,545	5,527	1,35,460	1,46,171
ii. Deposits	2,42,327	4,33,358	1,97,239	2,621	1,720	8,33,844	8,77,263
iii. Borrowings	1,54,970	1,47,207	2,01,329	12,559	16,712	4,55,373	5,32,778
iv. Loans and Advances	2,65,580	3,70,851	2,00,491	20,770	15,773	7,66,470	8,73,466
v. Total Liabilities/Assets	4,51,840	6,97,304	4,09,377^	27,794	32,445	14,98,292	16,18,761
C. Financial Performance							
i. Institutions in Profits							
a. No.	32	305	47,794	10	351	48,461	48,492
b. Amount of Profit	2,517	2,879	2,142	448	525	6,754	8,512
ii. Institutions in Loss							
a. No.	2	46	37,357	3	252	39,081	37,660
b. Amount of Loss	60	998	3,586	40	305	5,506	4,989
iii. Overall Profits (+)/Loss (-)	2,458	1,881	-1,444	408	220	1,248	3,523
D. Non-performing Assets							
i. Amount	14,296	35,722	44,042^^	7,571	6,371	1,16,718	1,08,002
ii. As percentage of Loans Outstanding	5.4	9.6	23.3	36.5	40.4	15.2	12.4
E. Recovery-to-Demand Ratio* (Per cent)	91.7	76.5	78.9	42.8	39.1	-	-

Notes: 1. P: Data are provisional.
2. *: This ratio captures the share of outstanding demand amount (amount due) that has been recovered at end-June 2022.
3. Data for financial year 2022-23 are available in respect of 603 of 608 reported PCARDBs.
4. ^: Working capital.
5. ^^: Total overdues.

Source: NABARD and NAFSCOB.

Chart V.17: Profit-Making Co-operatives
(At end-March)



Source: NABARD and NAFSCOB.

4.1. Short-term Rural Credit Co-operatives

V.33 Short-term RCCs - StCBs at state level, DCCBs at district level and PACS at the village level - primarily meet crop loan and working capital requirements of dairy farmers and fishery units. Over time, their scope has widened to cover non-farm sector activity, and term lending to allied sectors and microfinance. Short-term RCCs operate in a two-, three- or mixed-tier structure[10]. In the two-tier structure, StCBs lend through their own branches as well as through PACS. In the three-tier structure, StCBs work as the apex bank for all DCCBs, which constitute the intermediate tier and provide loans to affiliated societies. In states with the mixed-tier

[10] 20 states/union territories (UTs) have one or more DCCBs and in 15 states/UTs there are no DCCBs and only a two-tier structure exists.

structure, StCBs operate through their own branches in some districts and through DCCBs in the remaining districts. Deposits are the major source of funds for StCBs and DCCBs. On the other hand, PACS rely heavily on borrowings; the share of deposits has declined over the years (Chart V.18).

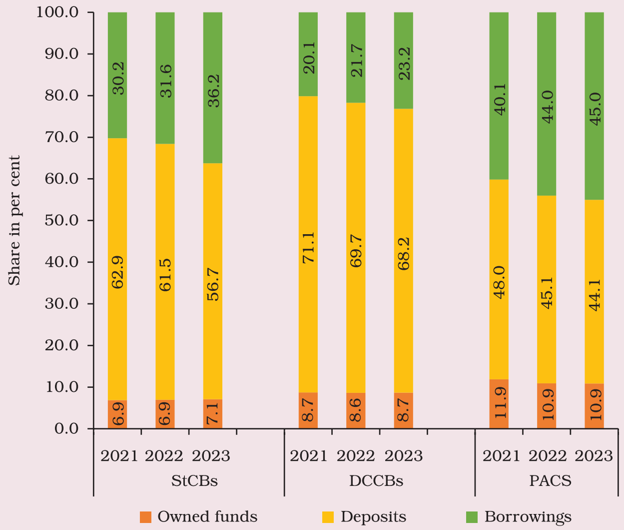
4.1.1. State Co-operative Banks

V.34 StCBs, the apex institutions in the rural co-operative structure, provide credit for a range of agricultural and non-agricultural purposes. They also provide liquidity and technical assistance to the other two tiers. Agricultural loans constituted more than 45 per cent of their total loan portfolio.

Balance Sheet Operations

V.35 In 2023-24, StCBs' balance sheet grew by over 8 per cent for the fourth consecutive year, driven by credit on the assets side and borrowings and deposits on the liabilities side. At end-March 2024, the C-D ratio increased to 114.7 per cent (compared to 76.8 per cent in the case of SCBs) from 109.6 per cent (75.1 per cent in the case of SCBs) at end-March 2023. The share of current account and savings account (CASA) deposits declined to 18.6 per cent at end-March 2024 from 19.5 per cent at end-March 2023, resulting in an increase in interest expenditure. Deposit growth improved but trailed that in borrowings (Table V.13).

Chart V.18: Resource Composition: Short-term Co-operatives
(At end-March)



Source: NABARD and NAFSCOB.

V.36 Credit growth of scheduled StCBs decelerated in 2023-24, while deposits recovered from the contraction in the previous year (Table V.14).

Profitability

V.37 During 2023-24, growth of interest expenditure of StCBs accelerated to 24.9 per cent, outpacing that of interest income; their net interest income (NII) declined by 5.7 per cent. Net

Table V.13: Liabilities and Assets of State Co-operative Banks

(Amount in ₹ crore)

	At end-March		Variation (%)	
	2023	2024 P	2022-23	2023-24
1	2	3	4	5
Liabilities				
1. Capital	9,774 (2.2)	10,531 (2.2)	5.5	7.7
2. Reserves	20,544 (4.5)	22,861 (4.7)	14.3	11.3
3. Deposits	2,42,327 (53.6)	2,56,819 (52.6)	0.6	6.0
4. Borrowings	1,54,970 (34.3)	1,73,116 (35.5)	25.2	11.7
5. Other Liabilities	24,226 (5.4)	24,940 (5.1)	-4.1	2.9
Assets				
1. Cash and Bank Balances	21,237 (4.7)	22,661 (4.6)	12.6	6.7
2. Investments	1,48,666 (32.9)	1,55,826 (31.9)	5.5	4.8
3. Loans and Advances	2,65,580 (58.8)	2,94,577 (60.3)	11.2	10.9
4. Accumulated Losses	1,348 (0.3)	1,146 (0.2)	-0.4	-15.0
5. Other Assets	5,009 (3.3)	14,057 (2.9)	-12.4	-6.3
Total Liabilities/Assets	**4,51,840 (100.00)**	**4,88,266 (100.00)**	**8.3**	**8.1**

Notes: 1. Figures in parentheses are proportion to total liabilities/assets (in per cent).
2. Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore.
3. Components may not add up to the total due to rounding off.
4. P: Provisional.

Source: NABARD.

Table V.14: Select Balance Sheet Indicators of Scheduled State Co-operative Banks
(At end-March)

(Amount in ₹ crore)

	2020	2021	2022	2023	2024
1	2	3	4	5	6
Deposits	1,87,456 (69.6)	1,97,751 (5.5)	2,11,784 (7.1)	2,04,432 (-3.5)	2,15,540 (5.4)
Credit	1,94,310 (47.9)	2,06,322 (6.2)	2,28,194 (10.6)	2,55,750 (12.1)	2,78,147 (8.8)
SLR Investments	54,181 (63.5)	67,788 (25.1)	77,677 (14.6)	74,721 (-3.8)	77,525 (3.8)
Credit *plus* SLR Investments	2,48,492 (51.0)	2,74,110 (10.3)	3,05,871 (11.6)	3,30,471 (8.0)	3,55,671 (7.6)

Notes: 1. Data pertain to last reporting Friday of March of the corresponding year.
2. Figures in brackets are growth rates in per cent over previous year.
Source: Form B under Section 42 of RBI Act.

profit, however, increased by 9.5 per cent due to growth in non-interest income and contraction in operating expenses (Table V.15).

Table V.15: Financial Performance of State Co-operative Banks

(Amount in ₹ crore)

	2022-23	2023-24 P	Percentage Variation 2022-23	Percentage Variation 2023-24
1	2	3	4	5
A. Income (i+ii)	**27,648 (100.00)**	**32,401 (100.00)**	**10.8**	**17.2**
i. Interest Income	26,654 (96.4)	30,974 (95.6)	10.3	16.2
ii. Other Income	994 (3.6)	1,427 (4.4)	26.9	43.6
B. Expenditure (i+ii+iii)	**25,191 (100.00)**	**29,710 (100.00)**	**11.1**	**17.9**
i. Interest Expended	19,043 (75.6)	23,793 (80.1)	15.1	24.9
ii. Provisions and Contingencies	1,920 (7.6)	1,979 (6.7)	-19.2	3.0
iii. Operating Expenses	4,227 (16.8)	3,938 (13.3)	12.7	-6.8
Of which, Wage Bill	2,060 (8.2)	2,077 (7)	-0.2	0.8
C. Profits				
i. Net Interest Income	7,611	7,181	-0.3	-5.7
ii. Operating Profits	3,990	4,205	35.4	5.4
iii. Net Profits	2,458	2,691	7.4	9.5

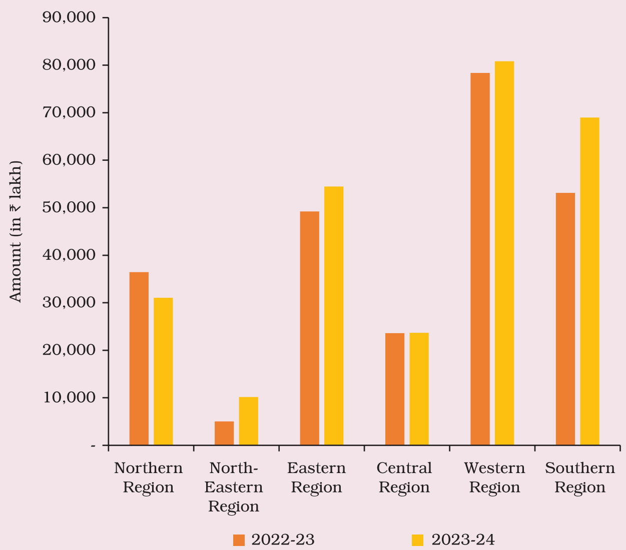
Notes 1. Figures in parentheses are proportion to total income/ expenditure (in per cent).
2. Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore in the table.
3. Components may not add up to the total due to rounding off.
4. P: Provisional.
Source: NABARD.

V.38 94 per cent of StCBs (*i.e.* 32 StCBs out of 34) reported profits during 2023-24, as against 91 per cent in 2021-22[11]. Profits were dominated by western and southern region StCBs (Chart V.19 and Appendix Table V.3).

Asset Quality

V.39 The asset quality of StCBs improved for the third consecutive year, with the GNPA ratio declining from 6.7 per cent at end-March 2021 to 4.9 per cent at end-March

Chart V.19: StCBs' Profits



Source: NABARD.

[11] StCB in Arunachal Pradesh and Jammu and Kashmir reported losses for the sixth and fourth consecutive year, respectively, and the cumulative losses of these two StCBs were close to ₹35 crore at end-March 2024.

2024. Although the slippages were higher, the GNPA ratio declined due to robust credit growth. The NPAs under the doubtful category shrank after growing for six consecutive years. The PCR increased on account of greater provisions made against NPAs and hence net NPA ratio also improved (Table V.16).

V.40 During 2023-24, the GNPA ratio of 70 per cent of StCBs declined, led by the western and northern region. The GNPA ratio reduced for all regions, except for the marginal increase in the eastern region (Appendix Table V.3).

Capital Adequacy

V.41 The consolidated CRAR of StCBs declined at end-March 2024, as growth in capital funds trailed the increase in risk weighted assets (Chart V.20). Two StCBs had CRAR less than the regulatory minimum requirement of 9 per cent.

Table V.16: Soundness Indicators of State Co-operative Banks

(Amount in ₹ crore)

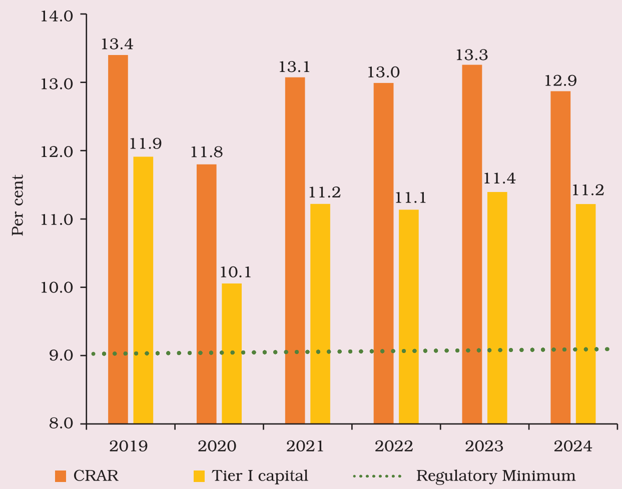
	At end-March		Percentage Variation	
	2023	2024 P	2022-23	2023-24
1	2	3	4	5
A. Total NPAs (i+ii+iii)	14,296	14,537	-0.3	1.7
i. Sub-standard	4,609 (32.2)	4,974 (34.2)	-14.4	7.9
ii. Doubtful	8,292 (58)	8,237 (56.7)	10.0	-0.7
iii. Loss	1,395 (9.8)	1,326 (9.1)	-0.7	-4.9
B. Gross NPA Ratio (%)	**5.4**	**4.9**	-	-
C. Net NPA Ratio (%)	**2.1**	**2.0**	-	-
D. Provision Coverage Ratio (%)	**67.2**	**68.5**	-	-
E. Recovery to Demand Ratio (%)	**91.7**	**92.4**	-	-

Notes: 1. Figures in parentheses are shares in total NPAs (in per cent).
2. P: Provisional.
3. Recovery-to-demand ratio captures the share of outstanding demand amount (amount due) that has been recovered at end-June 2022 and 2023 for 2022-23 and 2023-24, respectively.

Source: NABARD.

Chart V.20: Capital Adequacy of State Co-operative Banks

(At end-March)



Note: 13 of the 14 DCCBs in Kerala (except Malappuram DCCB) amalgamated with Kerala StCB during 2019-20.

Source: NABARD.

4.1.2. District Central Co-operative Banks

V.42 DCCBs mobilise funds through public deposits, borrowings from StCBs and refinance from the NABARD. Due to their extensive branch network, they have better access to CASA deposits, which accounted for 41.7 per cent of their total deposits at end-March 2024 (compared to 18.6 per cent for StCBs). More than 75 per cent of the total advances and 96 per cent of the agricultural advances of DCCBs are towards PACS/ societies.

Balance Sheet Operations

V.43 Deposit growth of DCCBs accelerated to 10.0 per cent in 2023-24, exceeding that of StCBs' (6.0 per cent). The C-D ratio of DCCBs increased from 85.6 per cent at end-March 2023 to 86.7 per cent at end-March 2024 due to higher growth in advances (Table V.17).

Profitability

V.44 Growth in NII of DCCBs decelerated from 14.5 per cent during 2022-23 to 5.4 per cent during 2023-24, as interest expenditure

Table V.17: Liabilities and Assets of District Central Co-operative Banks

(Amount in ₹ crore)

	At end-March		Percentage Variation	
	2023	2024P	2022-23	2023-24
1	2	3	4	5
Liabilities				
1. Capital	26,486 (3.8)	28,661 (3.7)	8.2	8.2
2. Reserves	28,729 (4.1)	31,701 (4.1)	8.5	10.3
3. Deposits	4,33,358 (62.1)	4,76,610 (62.3)	5.0	10.0
4. Borrowings	1,47,207 (21.1)	1,61,728 (21.1)	14.5	9.9
5. Other Liabilities	61,524 (8.8)	66,876 (8.7)	7.0	8.7
Assets				
1. Cash and Bank Balances	33,767 (4.8)	38,705 (5.1)	5.2	14.6
2. Investments	2,47,942 (35.6)	2,65,692 (34.7)	5.1	7.2
3. Loans and Advances	3,70,851 (53.2)	4,13,161 (54)	10.2	11.4
4. Accumulated Losses	8,357 (1.2)	9,405 (1.2)	7.8	12.5
5. Other Assets	36,388 (5.2)	38,615 (5)	-2.3	6.1
Total Liabilities/Assets	**6,97,304** **(100.00)**	**7,65,577** **(100.00)**	**7.4**	**9.8**

Notes: 1. Figures in parentheses are proportion to total liabilities/assets (in per cent).
2. P: Provisional.
Source: NABARD.

Table V.18: Financial Performance of District Central Co-operative Banks

(Amount in ₹ crore)

	2022-23	2023-24P	Percentage Variation	
			2022-23	2023-24
1	2	3	4	5
A. Income (i+ii)	**46,309** **(100.00)**	**52,408** **(100.00)**	**11.1**	**13.2**
i. Interest Income	43,967 (94.9)	49,989 (95.4)	10.8	13.7
ii. Other Income	2,342 (5.1)	2,420 (4.6)	17.9	3.3
B. Expenditure (i+ii+iii)	**44,428** **(100.00)**	**50,515** **(100.00)**	**10.2**	**13.7**
i. Interest Expended	27,600 (62.1)	32,731 (64.8)	8.6	18.6
ii. Provisions and Contingencies	5,639 (12.7)	5,733 (11.3)	15.3	1.7
iii. Operating Expenses	11,189 (25.2)	12,051 (23.9)	11.6	7.7
Of which, Wage Bill	6,942 (15.6)	7,430 (14.7)	9.7	7.0
C. Profits				
i. Net Interest Income	16,367	17,257	14.5	5.4
ii. Operating Profits	6,933	7,107	17.6	2.5
iii. Net Profits	1,881	1,894	38.5	0.7

Notes: 1. Figures in parentheses are proportion of total liabilities/assets (in per cent).
2. P: Provisional.
Source: NABARD.

rose faster than interest income (Table V.18). Consequently, net profit growth moderated sharply to 0.7 per cent in 2023-24 from 38.5 per cent in the previous year, which had benefited from a low base (contraction in 2021-22).

V.45 During 2023-24, there were 312 profit-making DCCBs and 39 loss-making entities. While the number of loss-making DCCBs declined in 2023-24, cumulative losses of DCCBs increased by 40.6 per cent. Madhya Pradesh, Uttar Pradesh, Punjab and Bihar accounted for 64.1 per cent of the loss-making DCCBs. On the other hand, the western and southern regions added the maximum to the total profits of DCCBs (Appendix Table V.4).

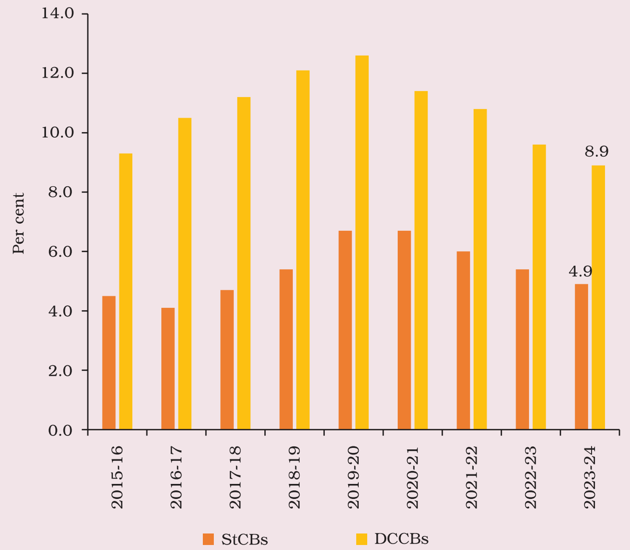
Asset Quality

V.46 Asset quality of DCCBs improved for the fourth consecutive year, with the GNPA ratio declining from 12.6 per cent at end-March 2020 to 8.9 per cent at end-March 2024. The GNPA ratio of DCCBs, however, remained higher than that of StCBs (Chart V.21 and Table V.19). The GNPA ratio declined in 15 of the 20 states/UTs with DCCBs. The central and western regions – particularly Madhya Pradesh and Maharashtra - have the highest GNPA ratio, and the southern region has the highest recovery-to-demand ratio (Appendix Table V.4).

Capital Adequacy

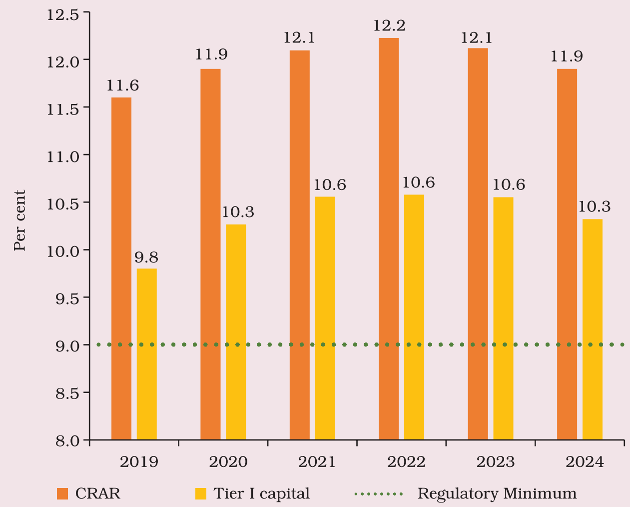
V.47 The consolidated CRAR and Tier I capital ratio of DCCBs declined at end-March 2024 to a four-year low (Chart V.22). However, the number

Chart V.21: NPA Ratio: StCBs *versus* DCCBs



Source: NABARD.

Chart V.22: Capital Adequacy of District Central Co-operative Banks
(At end-March)



Source: NABARD.

of DCCBs with CRAR less than the minimum regulatory requirement of 9 per cent declined from 41 at end-March 2023 to 39 at end-March 2024. 90 per cent of the DCCBs with CRAR less than 9 per cent were concentrated in six states /UTs, *viz.*, Madhya Pradesh, Uttar Pradesh, Punjab, Jammu and Kashmir, Maharashtra and West Bengal.

Table V.19: Soundness Indicators of District Central Co-operative Banks

(Amount in ₹ crore)

	At end-March		Percentage Variation	
	2023	2024 P	2022-23	2023-24
1	2	3	4	5
A. Total NPAs (i+ii+iii)	**35,722**	**36,958**	**-1.7**	**3.5**
i) Sub- standard	12,541 (35.1)	13,433 (36.3)	-6.5	7.1
ii) Doubtful	20,739 (58.1)	20,912 (56.6)	2.2	0.8
iii) Loss	2,442 (6.8)	2,612 (7.1)	-6.8	7.0
B. Gross NPA Ratio (%)	**9.6**	**8.9**	-	-
C. Net NPA Ratio (%)	**3.9**	**3.4**		
D. Provision Coverage Ratio (%)	**78.4**	**83.9**		
E. Recovery-to-Demand Ratio (%)	**76.5**	**76.8**	-	-

Notes: 1. Figures in parentheses are proportion to total NPAs (in per cent).
2. Recovery-to-demand ratio captures the share of outstanding demand amount (amount due) that has been recovered at end-June 2022 and 2023 for 2022-23 and 2023-24, respectively.
3. P: Provisional.

Source: NABARD.

4.1.3. Primary Agricultural Credit Societies

V.48 PACS form the lowest tier in the rural co-operative ladder with individuals as member shareholders. At end-March 2023, PACS served 16.03 crore members and 4.9 crore borrowers; with 45.6 per cent members and 57.3 per cent of the borrowers being small farmers. The borrower-to-member ratio – a metric to gauge credit penetration of PACS – increased to 30.7 per cent at end-March 2023 after declining sharply to 28.6 per cent at end-March 2022. The improvement in the ratio reflected both a decrease in the number of members and an increase in the number of borrowers (Appendix Table V.5). More than 80 per cent of PACS' loans were for short duration and were extended towards agriculture. The western region – with 29.1 per cent share in total number of PACS – dominates the sector. However, the southern region's deposits and loans and advances dominated with a share of 79.0 per cent and 46.2 per cent, respectively.

V.49 The NABARD is implementing the centrally sponsored scheme for computerisation of about 67,930 functional PACS across the country over a period of 5 years to enable them to capture records of all credit and non-credit operations digitally. The total budget of the scheme at ₹2,516 crore is shared between Government of India, State governments and NABARD. The project comprises development of cloud-based common software with cyber security, uploading and building a National Level Data Repository (NLDR), training and other support services. This initiative will pave the way for seamless integration of PACS with the core banking solutions of DCCBs and StCBs, resulting in improved efficiency and transparency.

V.50 The asset quality and recovery-to-demand ratio of PACS improved significantly in 2022-23; the high GNPA ratio, however, remains a cause of concern (Table V.12). The total resources of PACS increased during 2022-23 due to higher borrowings and increase in total reserves. On the assets side, the outstanding loans and advances expanded sharply due to nearly 20 per cent growth in short-term loans (Appendix Table V.6).

V.51 In 2022-23, 44.7 per cent of the total number of PACS were profit making, with their consolidated profits increasing by 18.3 per cent to ₹2,142 crore. The consolidated losses of loss-making PACS decreased by 4.3 per cent to ₹3,585 crore and the sector, as a whole, recorded losses of ₹1,443 crore in 2022-23. At the regional level, only the western region posted net profits, while the southern region registered the highest losses (Appendix Table V.7).

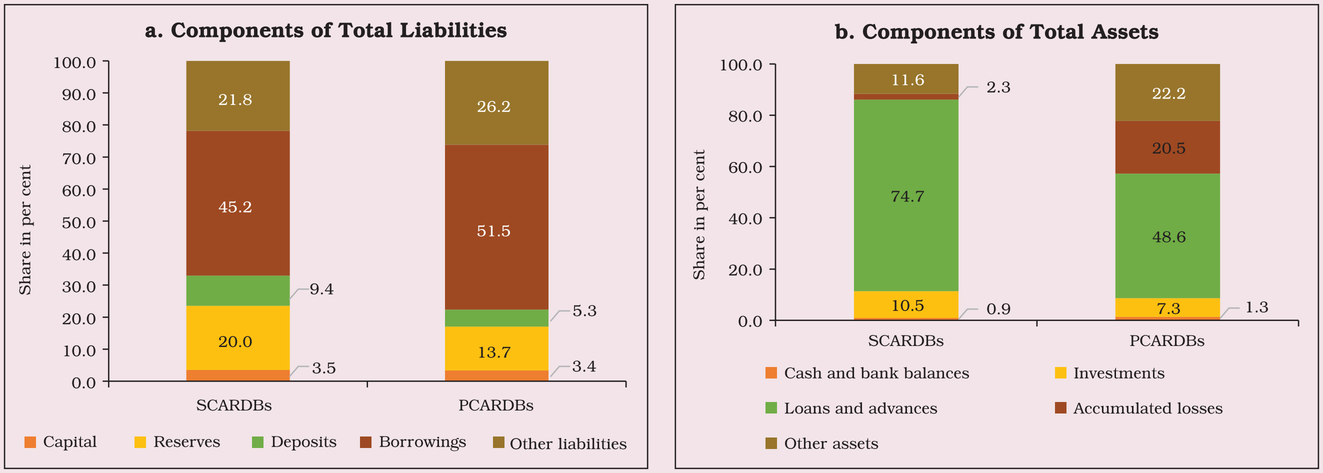
4.2. Long-term Rural Credit Co-operatives

V.52 Long-term RCCs were set up with the primary objective of offering long-term finance for agricultural development and comprise SCARDBs at the state level and PCARDBs at the district/taluka level. Currently, they operate in a unitary structure in five states/UTs (Gujarat, Jammu and Kashmir, Puducherry, Tripura and Uttar Pradesh) where SCARDBs operate through their branches located in different parts of the state and customers are linked to the bank by virtue of their direct membership of the bank. Six states, *viz.*, Haryana, Karnataka, Kerala, Punjab, Rajasthan and Tamil Nadu have a federal structure, *i.e.*, SCARDBs work as an apex entity of all the affiliated PCARDBs operating at the district/taluka level, which, in turn, enrol members and offer loans to them. Two states (Himachal Pradesh and West Bengal) have a mixed structure where SCARDBs operate through PCARDBs as well as through their branches.

V.53 At end-March 2023, there were 13 SCARDBs and 608 PCARDBs with a total membership of 1.08 crore members, of which 36 per cent were borrowing members. The business model of SCARDBs and PCARDBs depends on borrowings, where SCARDBs borrow primarily from the NABARD, while PCARDBs get financial assistance from SCARDBs (Chart V.23a). SCARDBs have lower accumulated losses and higher share of loans and advances in total assets (Chart V.23b).

V.54 In January 2024, the Ministry of Cooperation launched the project for computerisation of 1,851 units of long-term RCCs in 11 states and 2 UTs. The project aims at providing computer hardware along with Enterprise Resources Planning (ERP) based common software to enhance the operational efficiency, accountability and transparency in RCCs' functioning.

Chart V.23: Liabilities and Assets of Long-Term Rural Co-operatives: A Comparison
(At end-March 2023)



Source: NABARD.

4.2.1. State Co-operative Agriculture and Rural Development Banks

V.55 At end-March 2023, SCARDBs operated in 13 states/UTs, with 46.7 per cent of branches in Uttar Pradesh. Borrowings constituted 45.2 per cent of the total liabilities of SCARDBs; more than 80 per cent of these borrowings were from the NABARD, given their limited deposit base. After expanding for two years, the consolidated balance sheet of SCARDBs contracted in 2022-23 due to decline in loans and advances. On the liabilities side, SCARDBs' borrowings decreased along with deceleration in deposit growth (Appendix Table V.8).

V.56 Notwithstanding the reduction in their balance sheet, NII of SCARDBs increased by 25.3 per cent in 2022-23, as interest income expanded more than interest expenditure. The increase in NII as well as non-interest income contributed to a sharp increase in net profit, *albeit* on a low base (Appendix Table V.9).

V.57 The GNPA ratio increased during 2022-23, even as the recovery ratio improved (Appendix Table V.10). The southern region had the lowest GNPA ratio and the highest recovery ratio (Appendix Table V.11).

4.2.2. Primary Co-operative Agriculture and Rural Development Banks

V.58 At end-March 2023, there were 608 PCARDBs in 8 states/UTs. The consolidated balance sheet of PCARDBs contracted during the year on account of decrease in loans and advances on the assets side and borrowings on the liabilities side (Appendix Table V.12).

V.59 During 2022-23, the income of PCARDBs expanded by 18.8 per cent, while their expenditure contracted, leading to net profits. The increase in income was contributed by both interest and non-interest income, while the fall in operating expenses, particularly the wage bill, led to decline in total expenses (Appendix Table V.13). Of the eight states/UTs having PCARDBs, five posted consolidated net losses.

V.60 The GNPA ratio of PCARDBs declined marginally during 2022-23 on account of reduction in sub-standard and doubtful categories. However, the GNPA ratio remained elevated at over 40 per cent, as the loss category loans expanded further (Appendix Table V.14). In contrast to the trend in other regions, the GNPA ratio of the northern region increased. This region continued to have the highest GNPA ratio and the lowest recovery-to-demand ratio during 2022-23. On the other hand, the southern region had the lowest GNPA ratio and the highest recovery-to-demand ratio (Appendix Table V.15).

5. Overall Assessment

V.61 During 2023-24, UCBs exhibited an improvement in capital buffers, profitability and asset quality. Their credit and deposit growth, however, remained subdued relative to commercial banks. Assurance functions, *viz.*, risk management, internal audit and compliance functions are effective gatekeepers for efficient risk management. To this end, the Reserve Bank has undertaken several initiatives to promote sound governance practices in UCBs, including, *inter alia*, the introduction of four-tiered regulatory framework, engaging directly with the Directors on Boards of UCBs and heads of Assurance functions of UCBs through conferences for conveying the supervisory expectations. Significant efforts are also being undertaken to address the IT and cyber security risks in UCBs.

V.62 Among rural credit co-operatives, StCBs have consistently outperformed others and improved their asset quality along with higher profits in 2023-24. Going forward, the co-operative sector must stay vigilant about cyber threats and economic uncertainties and adapt to technological advancements to remain relevant in the fast-changing world.

VI NON-BANKING FINANCIAL INSTITUTIONS

Non-banking financial companies (NBFCs) expanded credit strongly in 2023-24. Credit quality improved and balance sheets were strengthened with improved profitability and strong capital buffers. Housing finance companies' (HFCs) credit also grew in double digits amidst structural changes in the aftermath of the merger of a dominant HFC with a bank. Disbursements by all India financial institutions (AIFIs) rose steadily along with higher profitability.

1. Introduction

VI.1 Non-banking financial institutions (NBFIs) are an important constituent of India's financial system. Entities regulated by the Reserve Bank[1] include non-banking financial companies (NBFCs), housing finance companies (HFCs)[2], all India financial institutions (AIFIs), and standalone primary dealers (SPDs) [Chart VI.1].

VI.2 NBFCs are registered companies, both government and non-government, which engage in credit intermediation and facilitate last-mile credit delivery to unbanked and underbanked sectors. They are also at the forefront of the digital transformation of the lending space, leveraging technology to offer tailor-made credit offerings to customers. HFCs provide housing credit to individuals, co-operative societies and corporates. The five AIFIs, namely, the National Bank for Agriculture and Rural Development (NABARD), the Export-Import Bank of India (EXIM Bank), the Small Industries Development Bank of India (SIDBI), the National Housing Bank (NHB) and the National Bank for Financing Infrastructure and Development (NaBFID)[3] are apex financial institutions providing long-term funding to important sectors like agriculture, foreign trade, small businesses and infrastructure. Primary dealers (PDs) underwrite issuances of government securities (G-secs) and act as market makers in the G-sec market.

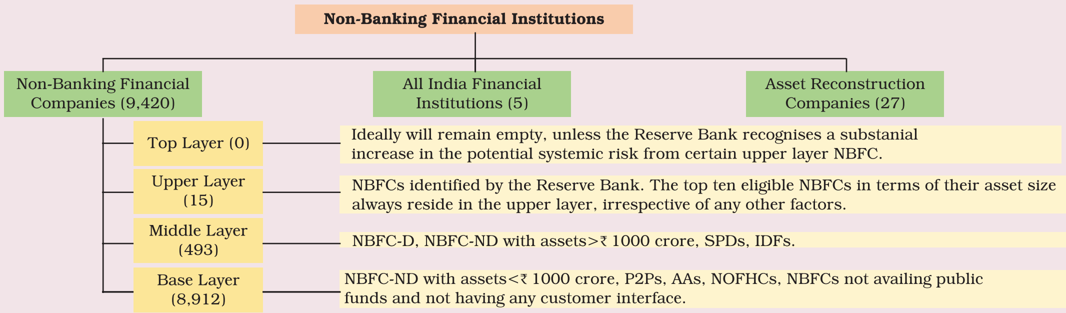
VI.3 This chapter covers the performance of NBFIs in 2023-24 and the first half of 2024-25. Section 2 provides an assessment of the NBFC sector, with a focus on the NBFCs in the upper layer (NBFC-UL) and the middle layer (NBFC-ML). Section 3 discusses the performance of the HFCs. Sections 4 and 5 evaluate the performance of AIFIs and PDs, respectively. Section 6 contains concluding observations.

1 Although merchant banking companies, stock exchanges, companies engaged in the business of stock-broking/sub-broking, nidhi companies, alternative investment fund companies, insurance companies and chit fund companies are NBFCs, they have been exempted from the requirement of registration with the Reserve Bank under Section 45-IA of the RBI Act, 1934.

2 The Finance (No.2) Act, 2019 (23 of 2019) amended the National Housing Bank Act, 1987, conferring certain powers for regulation of housing finance companies (HFCs) with the Reserve Bank of India. HFCs are now treated as a category of NBFCs for regulatory purposes.

3 NaBFID has been set up as a Development Financial Institution (DFI) and shall be regulated and supervised as an AIFI by the Reserve Bank under Sections 45L and 45N of the RBI Act, 1934.

Chart VI.1: Structure of NBFIs under the Reserve Bank's Regulation
(As on March 31, 2024)



Notes: 1. Figures in parentheses indicate the number of institutions (provisional).
2. NBFCs, viz., NBFC-ICC, NBFC-MFI, NBFC Factors, and NBFC-MGC could lie in any of the layers depending on the parameters of SBR. NBFC-CICs, HFCs, and IFCs could lie either in the upper or middle layer.
3. Government-owned NBFCs are placed in the base or middle layer.

Sources: RBI and NHB.

2. Non-Banking Financial Companies (NBFCs)

VI.4 NBFCs regulated by the Reserve Bank are a group of heterogenous financial entities operating with diverse business strategies. The Reserve Bank's scale-based regulation (SBR) framework categorises NBFCs into top, upper, middle and base layers, based on their size, activity, and perceived riskiness. The SBR framework is progressive in that it is built on the principle of proportionality, with regulations commensurate with the size and interconnectedness of the NBFCs (Chart VI.1 and Table VI.1). Smaller and/or less complex NBFCs are relatively lightly regulated, while larger and more systemically important NBFCs are subjected to enhanced regulatory scrutiny.

VI.5 Given the inherently diverse and dynamic nature of these entities, applications were invited by the Reserve Bank for recognising self-regulatory organisations[4] (SROs) for the NBFC sector in June 2024. This establishes principles for self-regulation, which complement the extant regulatory/statutory framework and incentivise enhanced professionalism, compliance, innovation and ethical conduct.

VI.6 NBFC-UL and ML dominate the NBFC sector in terms of assets. In terms of number, NBFCs in the base layer (NBFC-BL) constituted 96.2 per cent of the total, while accounting for only six per cent of total assets (Table VI.2).

VI.7 Credit extended by NBFCs[5] was 13.6 per cent of gross domestic product (GDP) during 2023-24. At end-March 2024, it accounted for 24.5 per cent of the outstanding credit of SCBs (Chart VI.2).

VI.8 The number of registrations and cancellations of certificates of registration (CoRs) of NBFCs declined in 2023-24 (Chart VI.3). The surrender of CoRs by NBFCs and their subsequent cancellations were on account of factors such as the entities exiting NBFI business

[4] An omnibus framework for recognising SROs for regulated entities of the Reserve Bank was issued in March 2024.
[5] Subsequent analysis in this section focuses on NBFCs in the upper and middle layers excluding CICs, HFCs and SPDs (the latter two are covered in separate sections).

Table VI.1: Classification of NBFCs by Activity under the Scale Based Regulatory Framework

Classification	Activity	Layer
1	2	3
1. Investment and Credit Company (NBFC-ICC)	Lending which supports productive/economic activities, offer consumption/personal finance and acquisition of securities for investment.	Any layer, depending on the parameters of the SBR.
2. NBFC-Infrastructure Finance Company (NBFC-IFC)	Infrastructure loans.	Middle or upper layer, as the case may be.
3. Core Investment Company (CIC)	Investment in equity shares, preference shares, debt, or loans to group companies.	Middle or upper layer, as the case may be.
4. NBFC-Infrastructure Debt Fund (NBFC-IDF)	Refinance post commencement operations date (COD) infrastructure projects which have completed at least one year of commercial operations and finance toll operate transfer (TOT) projects as the direct lender.	Middle layer
5. NBFC-Micro Finance Institution (NBFC-MFI)	Providing collateral free small ticket loans to economically disadvantaged groups.	Any layer, depending on the parameters of SBR.
6. NBFC-Factors	Acquisition of receivables of an assignor or extending loans against the security interest of the receivables at a discount.	Any layer, depending on the parameters of SBR.
7. NBFC-Non-Operative Financial Holding Company (NBFC-NOFHC)	Facilitation of promoters/ promoter groups in setting up new banks.	Base layer
8. Mortgage Guarantee Company (MGC)	Undertaking of mortgage guarantee business.	Any layer, depending on the parameters of SBR.
9. NBFC-Account Aggregator (NBFC-AA)	Collecting and providing information about a customer's financial assets in a consolidated, organised, and retrievable manner to the customer or others as specified by the customer.	Base layer
10. NBFC–Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise funds.	Base layer
11. Housing Finance Company (HFC)	Financing for purchase/ construction/ reconstruction/ renovation/ repairs of residential dwelling units.	Middle or upper layer, as the case may be.
12. Standalone Primary Dealer (SPD)	Underwrites issuances of government-dated securities and participate in primary auctions.	Middle layer

Source: RBI.

or ceasing to be a legal entity after amalgamation, merger, dissolution or voluntary strike-off. In exercise of powers conferred under Section 45-IA (6) of the Reserve Bank of India Act, 1934, the Reserve Bank cancelled CoRs of 143 NBFCs due to the surrender of CoRs, violation of guidelines,

Table VI.2: Composition of NBFCs

(At end-March 2024)

(Share in per cent)

Layer	Number	Assets
1	2	3
NBFC-UL	0.1	25.2
NBFC-ML	3.7	68.8
NBFC-BL	96.2	6.0
Total	**100.0**	**100.0**

Note: Data excludes HFCs, CICs and SPDs.
Source: RBI.

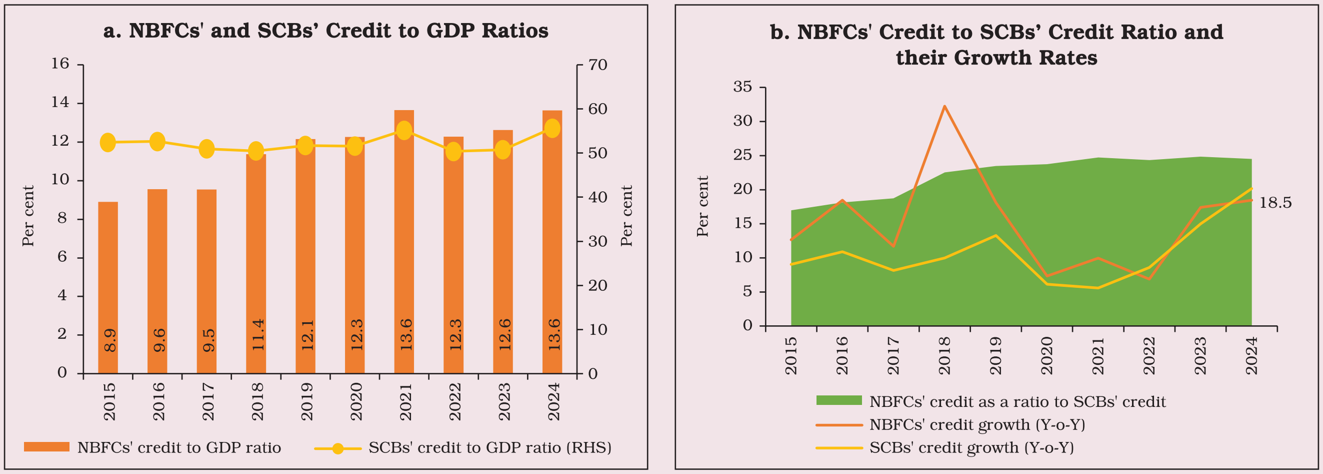
including those related to data confidentiality and security of customer information, code of conduct in outsourcing of financial services and the fair practices code (FPC).

2.1. Ownership Pattern

VI.9 The NBFC sector is dominated by non-government companies, with a share of 93.1 per cent by numbers at end-March 2024. Government companies, *albeit* much less in number, had a substantial share in total assets of the NBFC sector (Table VI.3). Owing to their large size and concentration of funding towards the infrastructure sector, the prompt corrective action (PCA) framework was extended to the

Chart VI.2: NBFCs' Credit *vis-à-vis* SCBs' Credit and GDP

(At end- March)



Sources: Report on Trend and Progress of Banking in India, various issues; Handbook of Statistics on the Indian Economy, various issues.

government companies (except those in the base layer) from October 1, 2024.

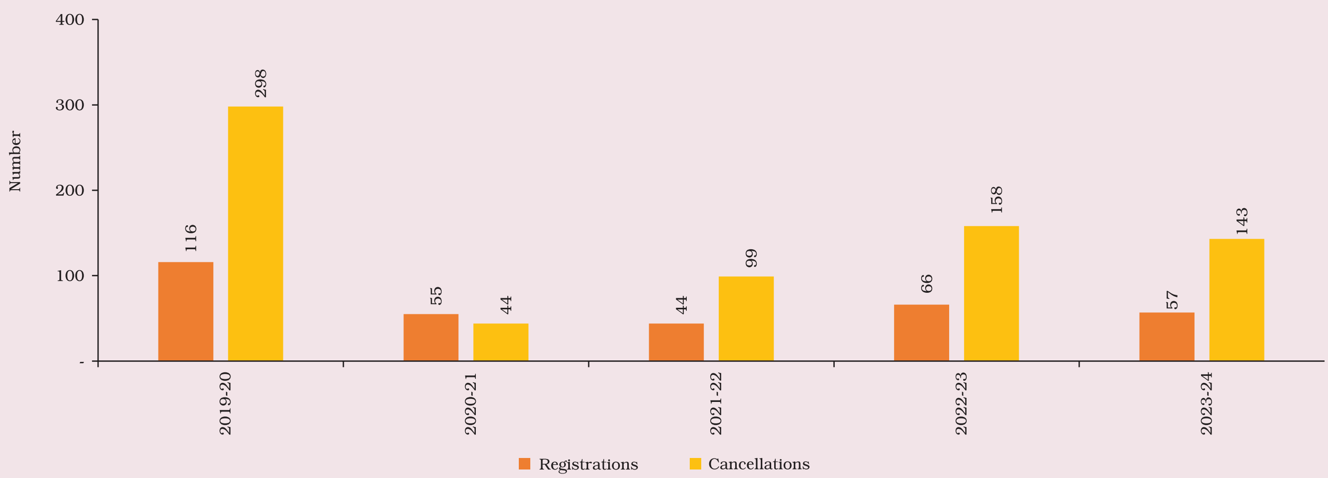
VI.10 Out of nine NBFC-UL, three are deposit-taking while the rest are non-deposit taking. Post identification as NBFC-UL, NBFCs must get listed within three years.

VI.11 In terms of assets, NBFCs-ML dominate the NBFC sector, with a share of 73.2 per cent in the total assets. Most of these companies are private limited companies in contrast to NBFCs-UL (Table VI.3).

2.2. Balance Sheet

VI.12 During 2023-24, the balance sheet of the NBFC sector expanded in double digits (16.3 per cent as compared with 17.2 per cent in the preceding year). On the liability side, NBFCs' borrowings from banks decelerated, while funds raised through debentures picked up, reflecting

Chart VI.3: Registrations and Cancellations of Certificates of Registration of NBFCs



Note: Data are provisional.

Source: Supervisory Returns, RBI.

Table VI.3: Ownership Pattern of NBFCs
(At end-March 2024)

(Amount in ₹ crore)

Type	NBFC Sector			NBFC-UL			NBFC-ML		
	Number	Asset Size	Asset share in per cent	Number	Asset Size	Asset share in per cent	Number	Asset Size	Asset share in per cent
1	2	3	4	5	6	7	8	9	10
A. Government Companies	23	19,01,090	37.5	-	-	-	23	19,01,090	51.3
B. Non-government Companies (1+2)	308	31,67,517	62.5	9	13,59,521	100.0	299	18,07,995	48.7
1. Public Limited Companies	45	14,76,379	29.1	6	10,23,139	75.3	39	4,53,240	12.2
2. Private Limited Companies	263	16,91,138	33.4	3	3,36,382	24.7	260	13,54,755	36.5
C. Total (A+B)	**331**	**50,68,607**	**100.0**	**9**	**13,59,521**	**100.0**	**322**	**37,09,086**	**100.0**

Note: Data are provisional.
Source: Supervisory Returns, RBI.

inter alia the impact of the increase in risk weights on banks' lending to NBFCs, effective November 2023. On the asset side, growth in loans and advances accelerated to 18.5 per cent in 2023-24 from 17.4 per cent in 2022-23, driven by upper layer NBFCs (Table VI.4). NBFC-MLs' credit growth was relatively muted on account of contraction in unsecured loans (Chart VI.4). Aggregate credit continued to expand in double digits even though unsecured lending contracted

Table VI.4: Abridged Balance Sheet of NBFCs

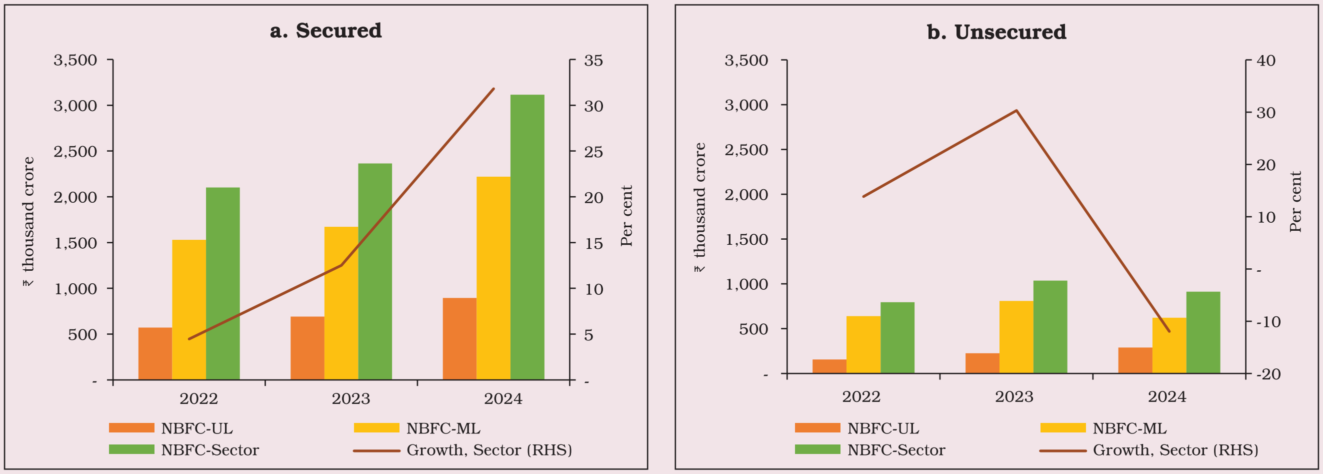
(Amount in ₹ crore)

Items	As at end-March 2023			As at end-March 2024			As at end- September-2024		
	NBFCs	NBFC-UL	NBFC-ML	NBFCs	NBFC-UL	NBFC-ML	NBFCs	NBFC-UL	NBFC-ML
1	2 (3+4)	3	4	5 (6+7)	6	7	8 (9+10)	9	10
1. Share Capital and Reserves	9,62,763 (21.3)	1,99,283 (26.3)	7,63,480 (20.1)	11,54,950 (20.0)	2,54,221 (27.6)	9,00,729 (18.0)	12,41,007 (22.0)	2,52,505 (17.9)	9,88,502 (23.2)
2. Public Deposits	85,254 (20.8)	64,797 (36.1)	20,457 (-10.9)	1,02,994 (20.8)	83,102 (28.2)	19,893 (-2.8)	1,12,512 (16.9)	92,707 (22.6)	19,805 (-3.9)
3. Debentures	11,05,943 (9.8)	2,25,415 (14.1)	8,80,528 (8.8)	12,28,997 (11.1)	2,71,444 (20.4)	9,57,553 (8.7)	13,28,203 (16.2)	2,76,674 (15.0)	10,51,529 (16.5)
4. Bank Borrowings	11,23,748 (23.6)	3,25,197 (27.6)	7,98,551 (22.0)	13,31,619 (18.5)	4,13,073 (27.0)	9,18,545 (15.0)	13,94,324 (16.3)	4,12,473 (14.6)	9,81,851 (17.0)
5. Commercial Papers	83,529 (21.8)	39,550 (61.4)	43,979 (-0.2)	1,05,374 (26.2)	54,146 (36.9)	51,228 (16.5)	1,16,143 (2.3)	48,326 (-15.6)	67,816 (20.6)
6. Others	9,95,882 (14.5)	2,16,808 (32.5)	7,79,074 (10.4)	11,44,673 (14.9)	2,83,535 (30.8)	8,61,139 (10.5)	12,61,403 (17.2)	2,91,100 (22.9)	9,70,303 (15.6)
Total Liabilities/Assets	**43,57,119 (17.2)**	**10,71,050 (26.6)**	**32,86,069 (14.4)**	**50,68,607 (16.3)**	**13,59,521 (26.9)**	**37,09,086 (12.9)**	**54,53,592 (17.4)**	**13,73,785 (16.0)**	**40,79,806 (17.9)**
1. Loans and Advances	33,99,655 (17.4)	9,18,302 (26.3)	24,81,353 (14.4)	40,27,478 (18.5)	11,85,621 (29.1)	28,41,857 (14.5)	42,92,708 (16.0)	11,94,234 (15.4)	30,98,474 (16.2)
2. Investments	5,16,141 (18.6)	75,479 (48.9)	4,40,663 (14.7)	6,24,260 (20.9)	95,189 (26.1)	5,29,071 (20.1)	6,93,397 (33.7)	89,520 (24.8)	6,03,877 (35.1)
3. Cash and Bank Balances	1,73,802 (3.4)	46,946 (3.2)	1,26,856 (3.5)	1,72,422 (-0.8)	43,228 (-7.9)	1,29,194 (1.8)	2,01,157 (11.6)	56,110 (25.9)	1,45,047 (6.9)
4. Other Assets	2,67,520 (21.5)	30,323 (34.1)	2,37,197 (20.1)	2,44,446 (-8.6)	35,483 (17.0)	2,08,963 (-11.9)	2,66,330 (9.1)	33,921 (2.1)	2,32,409 (10.2)

Notes: 1. Data are provisional.
2. Figures in parentheses indicate y-o-y growth in per cent.
3. Layer-wise identification of NBFCs is based on their position at end-March 2024.

Source: Supervisory Returns, RBI.

Chart VI.4: Nature of NBFCs' Loans and Advances
(At end-March)



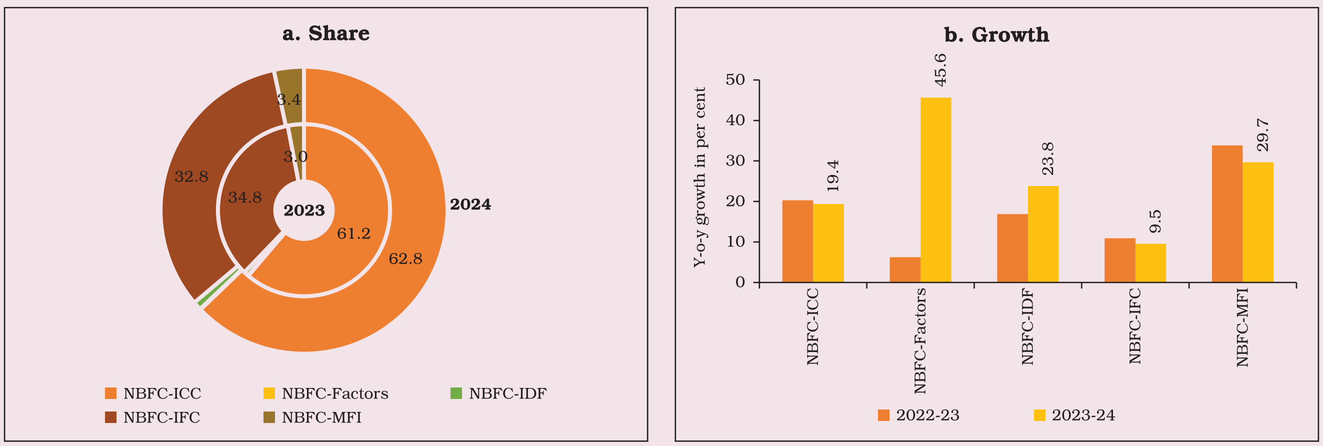
Note: Data are provisional.
Source: Supervisory Returns, RBI.

at end-September 2024 (Appendix Tables VI.1, VI.2 and VI.3).

VI.13 At end-March 2024, NBFC-ICCs and IFCs together accounted for 95.6 per cent of the assets of the sector (Chart VI.5a). Upper layer NBFCs are primarily NBFC-ICCs, which mainly cater to the retail segment. Most of the NBFC-IFCs are government-owned, mainly providing credit to the infrastructure sector. NBFC-MFIs, which are crucial for last mile credit delivery, have been growing their share in aggregate assets of the sector. Growth in the assets of the NBFC-Factors outperformed the sectoral average (Chart VI.5b).

VI.14 High growth in loans and advances of NBFC-ICCs, the largest category, was sustained in 2023-24 (Table VI.5). The pace of expansion of NBFC-IFCs, the second largest category, decelerated as lending by a major entity in the

Chart VI.5: Total Assets of NBFCs, by Classification
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

Table VI.5: Major Components of Liabilities and Assets of NBFCs by Classification

(Amount in ₹ crore)

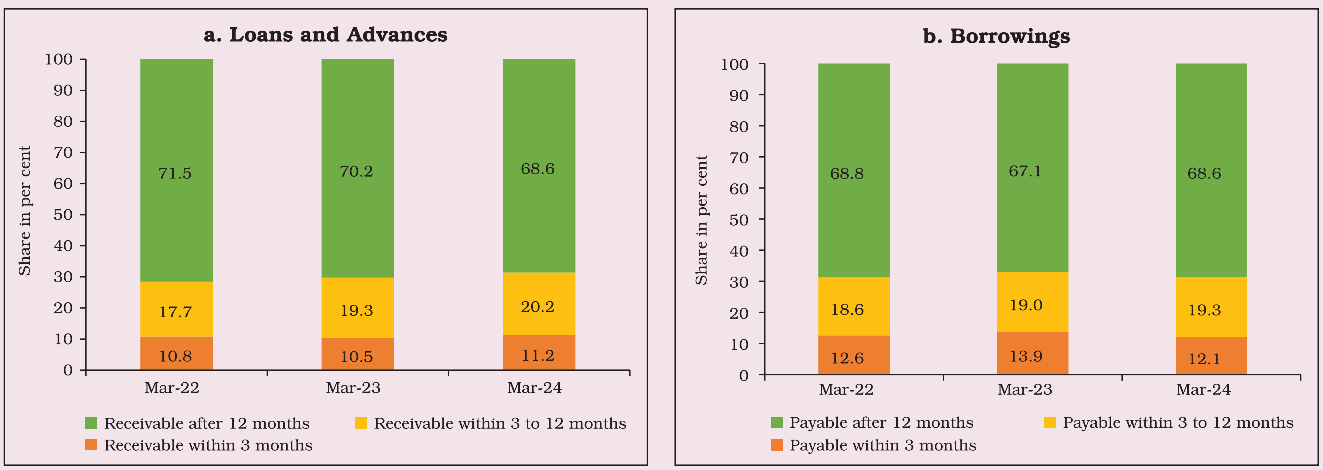
Liabilities	As at end-March				As at end-September		Percentage Variation (March over March)	
	2023		2024		2024		Borrowings	
	Borrowings	Total Liabilities	Borrowings	Total Liabilities	Borrowings	Total Liabilities	2023	2024
1	2	3	4	5	6	7	8	9
NBFC-ICC	16,11,815	26,67,598	19,37,105	31,84,714	21,40,886	34,89,254	20.1	20.2
NBFC-Factors	1,308	2,664	2,560	3,880	2,847	4,255	12.8	95.8
NBFC-IDF	31,985	39,023	40,122	48,310	44,385	53,083	18.0	25.4
NBFC-IFC	12,29,875	15,15,824	13,40,429	16,60,542	13,86,069	17,39,872	11.4	9.0
NBFC-MFI	99,050	1,32,010	1,25,807	1,71,161	1,18,485	1,67,127	37.8	27.0
Total	**29,74,034**	**43,57,119**	**34,46,024**	**50,68,607**	**36,92,670**	**54,53,592**	**16.8**	**15.9**
Assets	Loans and Advances	Total Assets	Loans and Advances	Total Assets	Loans and Advances	Total Assets	Loans and Advances	
NBFC-ICC	18,83,195	26,67,598	23,38,506	31,84,714	25,52,461	34,89,254	21.3	24.2
NBFC-Factors	2,047	2,664	3,425	3,880	3,839	4,255	4.7	67.3
NBFC-IDF	36,506	39,023	44,612	48,310	48,383	53,083	23.9	22.2
NBFC-IFC	13,68,506	15,15,824	14,99,348	16,60,542	15,51,439	17,39,872	10.9	9.6
NBFC-MFI	1,09,402	1,32,010	1,41,587	1,71,161	1,36,586	1,67,127	40.3	29.4
Total	**33,99,655**	**43,57,119**	**40,27,478**	**50,68,607**	**42,92,708**	**54,53,592**	**17.4**	**18.5**

Note: Data are provisional
Source: Supervisory Returns, RBI.

category, which lends to railway infrastructure projects, recorded a marginal contraction. Two NBFC-IFCs engaged in lending to the power sector, on the other hand, recorded higher disbursements in 2023-24 than a year ago.

VI.15 NBFCs maintained comparable maturity profiles on both sides of their balance sheets during 2023-24. At end-March 2024, more than two-thirds of the aggregate credit exposures and total borrowings were long-term *i.e.*, more than 12 months (Chart VI.6).

Chart VI.6: Maturity Profiles of Receivables and Payables



Note: Data are provisional.
Source: Supervisory Returns, RBI.

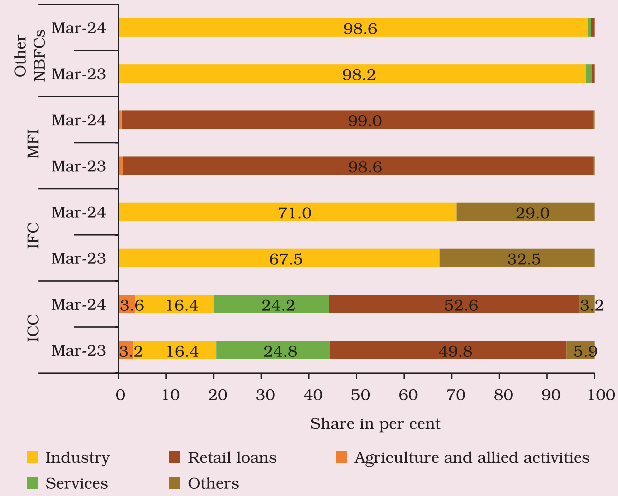
2.3. Sectoral Credit of NBFCs

VI.16 NBFC-ICCs have a relatively diversified lending portfolio, dominated by retail loans. IFCs lend mainly to industries (mostly power and railways). MFIs primarily cater to the credit needs of retail customers through collateral-free small ticket loans (Chart VI.7). At end-March 2024, NBFC-ICCs, IFCs and MFIs together provided 99 per cent of the total credit disbursed by the sector.

VI.17 Industry and retail sectors receive a dominant share of NBFCs' credit (71.2 per cent of the total loan portfolio at end-March 2024). During 2023-24, NBFCs recorded higher growth of credit to all sectors (except services) relative to banks. NBFCs' credit to agriculture and allied activities has also grown at a robust pace in the past two years, resulting in a rise in its share in total lending (Chart VI.8).

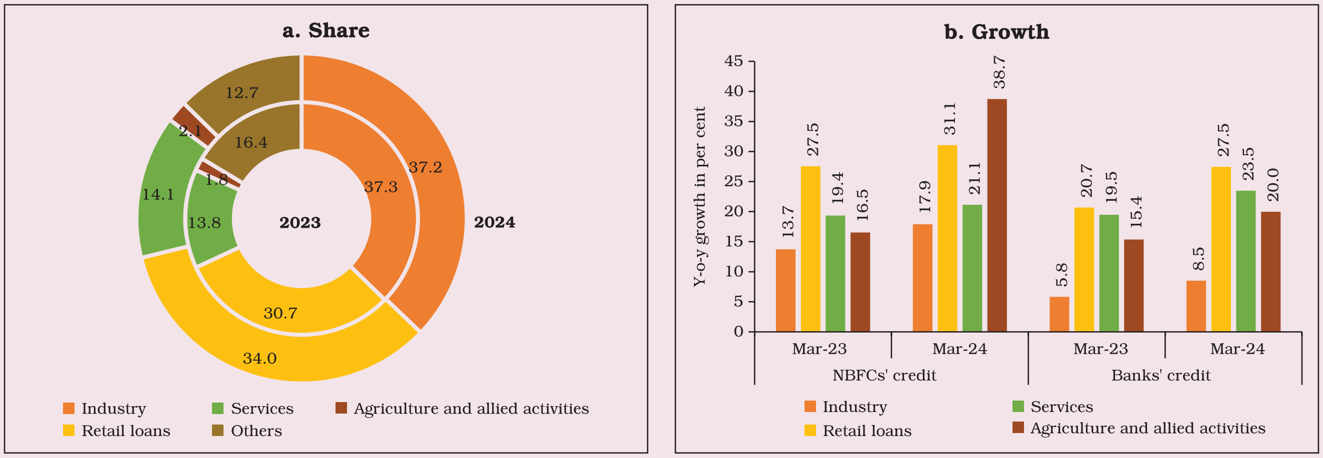
VI.18 At end-March 2024, credit to the power sector accounted for 75.2 per cent of total credit to industries, driven by large government-owned NBFCs (Table VI.6). Concentration risk and climate-related financial risks were taken into consideration by the Reserve Bank while issuing draft guidelines on the 'disclosure framework on climate-related financial risks' for regulated entities (REs) [including all top and upper layer NBFCs] in February 2024. Credit growth to major sectors remained robust on a year-on-year basis at end-September 2024.

Chart VI.7: Sectoral Distribution of Credit, by Classification
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

Chart VI.8: Distribution of NBFCs' Credit
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

Table VI.6: Sectoral Credit Deployment by NBFCs

(Amount in ₹ crore)

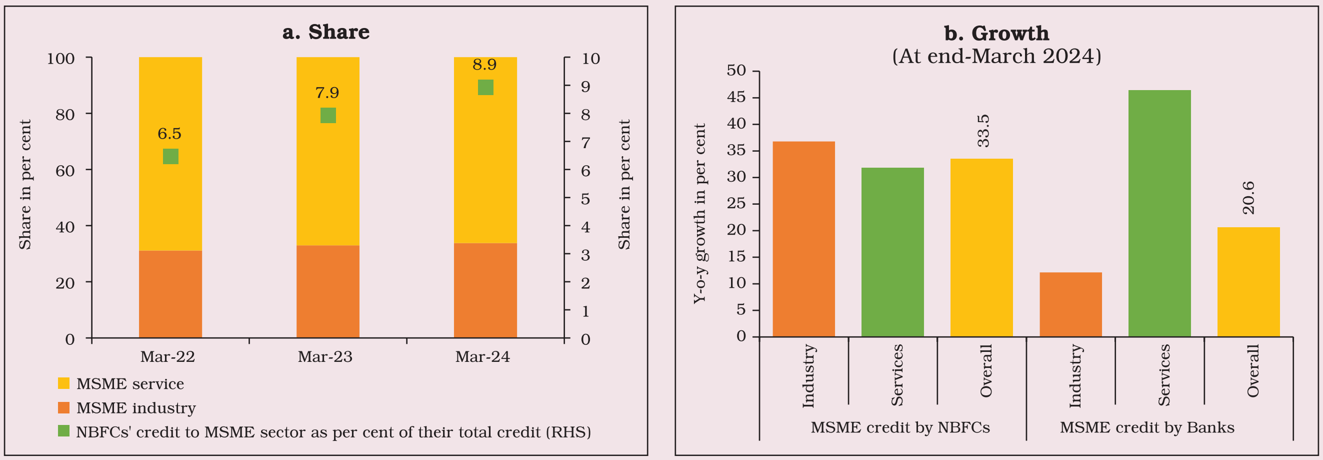
Items	End-March 2023	End-March 2024	End-September 2024	Percentage Variation	
				2022-23	2023-24
1	2	3	4	5	6
1. Agriculture and Allied Activities	**60,674**	**84,175**	**89,800**	**16.5**	**38.7**
2. Industry, *of which*	**12,69,175**	**14,96,425**	**15,90,339**	**13.7**	**17.9**
2.1 Power	9,40,408	11,25,725	11,89,784	14.5	19.7
2.2 Others	3,28,767	3,70,700	4,00,555	11.5	12.8
3. Services, *of which*	**4,68,009**	**5,66,932**	**6,08,246**	**19.4**	**21.1**
3.1 Transport Operators	1,20,245	1,32,810	1,41,289	16.4	10.4
3.2 Trade	69,520	92,324	1,05,415	39.5	32.8
4. Retail Loans, *of which*	**10,45,168**	**13,69,820**	**15,02,697**	**27.5**	**31.1**
4.1 Vehicle/Auto Loans	3,82,825	4,74,839	5,17,092	17.3	24.0
4.2 Advances to Individuals against Gold	1,28,774	1,53,481	1,74,325	8.7	19.2
4.3 Micro Finance Loan/SHG Loan	1,15,187	1,48,503	1,44,162	51.1	28.9
5. Others	**5,56,630**	**5,10,176**	**5,01,626**	**8.2**	**-8.3**
Gross Advances (1 to 5)	**33,99,655**	**40,27,528**	**42,92,708**	**17.4**	**18.5**

Note: Data are provisional.
Source: Supervisory Returns, RBI.

VI.19 NBFCs have steadily expanded their share in total credit extended by banks and NBFCs to MSMEs (11.7 per cent of total credit at end-March 2024), with those engaged in services cornering a larger share than their industry counterparts (Chart VI.9). NBFCs' 'digital first' approach, *e.g.*, utilisation of account aggregator framework, is helping in flow of credit to MSMEs. This is expected to get a boost from the proposed unified lending interface[6] (ULI).

VI.20 Vehicle loans, loans against gold and microfinance loans have been the stronghold of NBFCs, together accounting for 56.7 per cent of their retail portfolio at end-March 2024

Chart VI.9: NBFCs' Credit to MSME Sector



Note: Data are provisional.
Source: Supervisory Returns, RBI.

6 FinTech Innovations for India @100: Shaping the Future of India's Financial Landscape - address by Governor, RBI on August 28, 2024.

(Appendix Table VI.5). The growth of unsecured retail credit by NBFCs moderated after the tightening of macroprudential measures in November 2023 (Box VI.1).

Box VI.1: Impact of Recent Regulatory Changes on NBFCs' Unsecured Retail Lending

The Reserve Bank increased risk weights on consumer credit exposures of NBFCs [excluding loans to categories like housing, vehicles, education, gold and microfinance/self-help group (SHG) loans] in November 2023 to 125 per cent from 100 per cent (Chart VI.1.1). In order to curtail NBFCs' excessive reliance on bank borrowings, risk weights on exposures of SCBs to NBFCs were increased by 25 percentage points in those cases where the extant risk weight as per external rating of NBFCs was below 100 per cent.

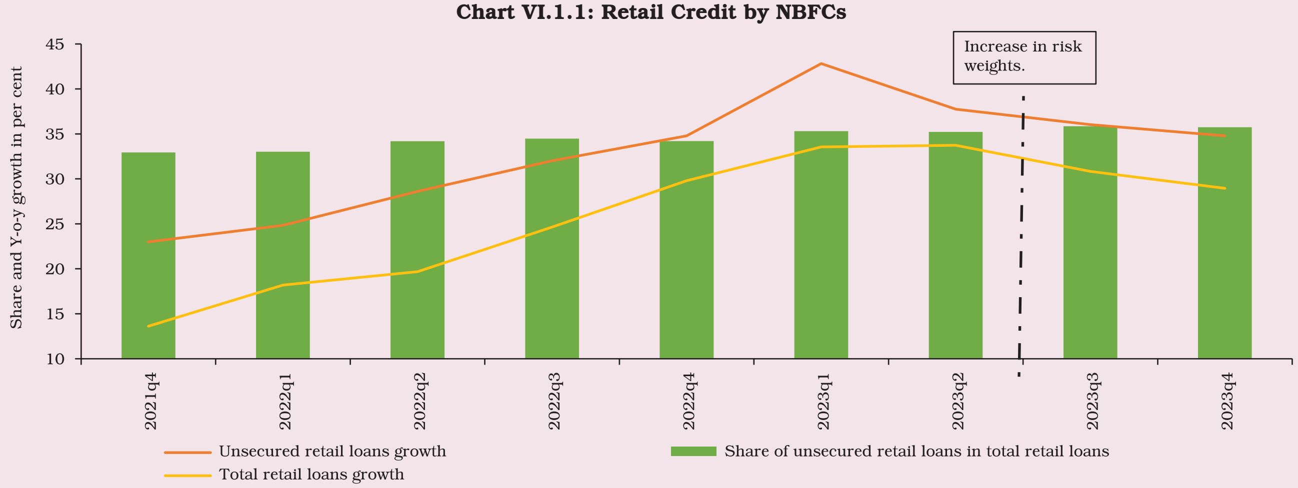
The impact of the changes in the risk weights on credit of NBFCs is formally explored in a panel regression framework using quarterly supervisory data for 95 NBFCs for the period December 2022 to March 2024[7]. These NBFCs operate in the retail space and represent 74 per cent of the NBFC sector's retail credit[8]. The following regression is estimated by using the system generalised method of moments (GMM) approach:

$$Y_{i,t} = \beta_0 + \beta_1 Y_{i,t-1} + \beta_2 Policy_t + \beta_3 Ex\text{-}Ante\ Share\ of\ Bank\ Borrowings_i + \beta_4\ Ex\text{-}Ante\ Share\ of\ Bank\ Borrowings_i * Policy_t + \beta_c X^c_{i,t-1} + \alpha_i + \varepsilon_{i,t}$$

where the dependent variable $Y_{i,t}$ is defined as the four-quarter log difference growth of unsecured retail credit[9]. $Policy_t$ is a dummy variable that takes the value 1 in the period after the Reserve Bank increased the risk weights, *i.e.*, the quarter ending December 2023 onwards and 0 in the period before that. $Ex\text{-}Ante\ Share\ of\ Bank\ Borrowings_i$ is a categorical variable which takes the value 0 if the share of bank borrowings in total borrowings by the NBFC in the period before the implementation of the policy is below the 25th percentile value (1 otherwise). $X^c_{i,t-1}$ is the vector of controls, which includes NBFC-specific variables like return on assets (RoA) (defined as a ratio of net profits to total assets), CRAR (defined as the ratio of total capital funds to risk-weighted assets) and gross non-performing assets (GNPA) ratio of the unsecured retail portfolio (defined as the ratio of non-performing assets of this segment to total unsecured retail credit). Nominal gross domestic product (GDP) growth is also included to control for the macroeconomic environment.

The negative coefficient of the policy dummy indicates that the growth rate of unsecured retail loans fell in the

Chart VI.1.1: Retail Credit by NBFCs



Source: Supervisory Returns

(Contd.)

[7] 95 NBFCs were used based on the availability of continuous data.
[8] At end- March 2023.
[9] All those categories of retail loans by NBFCs for which risk-weights were increased are considered unsecured retail loans.

Table VI.1.1: Regression Results

VARIABLES	Model 1	Model 2	Model 3
	Unsecured Retail Credit Growth	Unsecured Retail Credit Growth	Other Retail Credit Growth
Lag (Unsecured Retail Credit Growth)	0.671*** (0.0866)	0.587*** (0.120)	
Policy (Post=Dec 2023 onwards)	-0.159*** (0.0568)	0.108 (0.119)	0.00761 (0.0218)
Ex-Ante Share of Bank Borrowings (Base= Low share)		0.434 (0.559)	
Policy * Ex-Ante Share of Bank Borrowings		-0.359** (0.163)	
Lag (Size)	0.330* (0.176)	0.407* (0.227)	-0.0141 (0.0962)
Lag (CRAR)	0.00666 (0.00803)	0.0117 (0.0121)	-0.00491* (0.00266)
Lag (RoA)	-0.00521 (0.0498)	-0.00270 (0.0568)	0.00646 (0.0141)
Lag (Unsecured Retail Credit GNPA Ratio)	-0.0438*** (0.0115)	-0.0375*** (0.0127)	
Lag (Nominal GDP Growth)	-0.00101 (0.00361)	-0.00136 (0.00434)	0.00377* (0.00218)
Lag (Other Retail Credit Growth)			0.474*** (0.0841)
Lag (Other Retail Credit GNPA Ratio)			-0.0303* (0.0155)
Constant	-2.744* (1.596)	-3.850* (2.211)	0.385 (0.903)
Observations	542	530	542
Number of NBFCs	95	93	95
AR (1)	0.00	0.00	0.00
AR (2)	0.55	0.42	0.58
Hansen Statistic	0.47	0.53	0.49

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Note: Data are provisional.
Source: Supervisory Returns, RBI; RBI staff estimates.

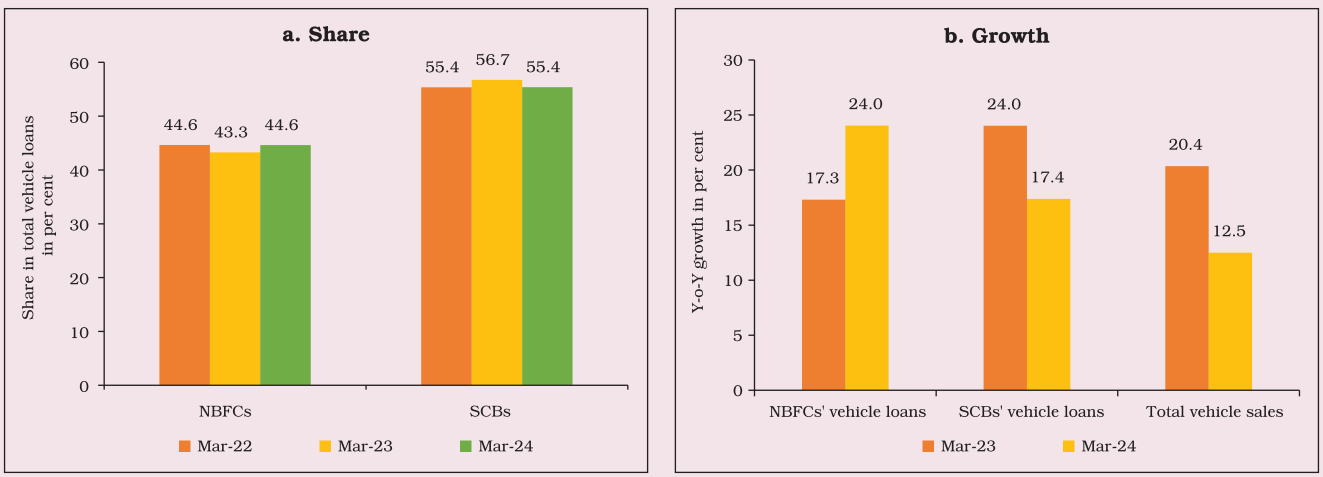
aftermath of the increase in the risk weights (Model 1). The negative coefficient of the term representing the interaction between the *ex-ante* share of bank borrowings with the policy dummy suggests that the fall in growth of unsecured retail credit was driven by NBFCs with higher *ex-ante* dependence on bank borrowings (Model 2). NBFCs with lower *ex-ante* dependence on bank borrowings did not experience any statistically significant change. Among NBFC-specific controls, unsecured retail credit growth is positively related to NBFC size and negatively related to the GNPA ratio of the segment. For robustness, Model 3 focuses on retail credit not subject to increase in risk weights, *i.e.*, 'other retail credit growth' defined as total retail credit excluding the unsecured component. The estimates indicate that such loans were not impacted by these measures. Overall, the empirical analysis suggests that the countercyclical prudential measures undertaken by the Reserve Bank dampened the growth of unsecured retail lending, consistent with the policy objective.

Reference

RBI. (2023, November 16). Regulatory measures towards consumer credit and bank credit to NBFCs. Retrieved from https://rbidocs.rbi.org.in/rdocs/notification/PDFs/REGULATORYMEASURES8785E7886A044B678FB8AF-2C6C051807.PDF

VI.21 Vehicle loans remain the largest component of NBFCs' retail loan portfolio, with a share of 34.7 per cent at end-March 2024. NBFCs' vehicle loans grew at a higher rate than SCBs in 2023-24 (Chart VI.10).

Chart VI.10: Vehicle Loans- NBFCs *vis-à-vis* SCBs

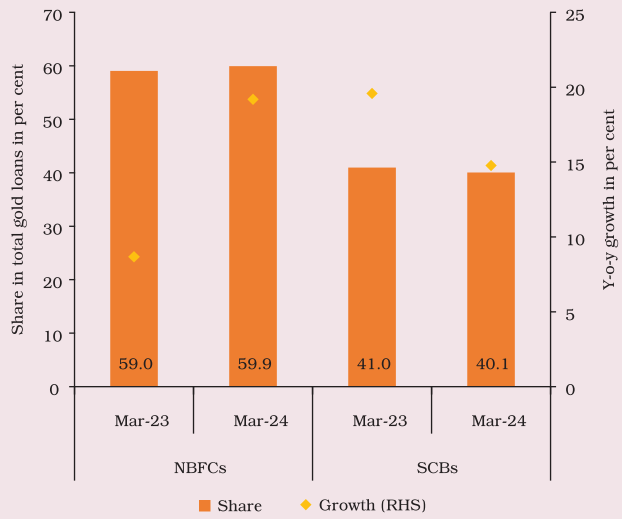


Note: Data are provisional.
Sources: Supervisory Returns, RBI; and Society of Indian Automobile Manufacturers (SIAM).

VI.22 NBFCs maintained their dominance in loans against pledge of gold ornaments and jewellery, with a share of 59.9 per cent of total gold loans (banks and NBFCs together) at end-March 2024 (Chart VI.11). Considering irregular practices of certain supervised entities (SEs), the Reserve Bank advised SEs on September 30, 2024 to comprehensively review their policies, processes and practices on gold loans to identify gaps and take remedial measures.

VI.23 NBFC-MFIs– dominant players in the Indian microfinance space– ease credit constraints on traditionally underserved communities by giving them access to a host of financial services. The share of micro-credit in the total retail lending portfolios of NBFCs stood at 10.8 per cent at end-March 2024. NBFCs (including MFIs) have maintained their share in total micro-credit loans (Chart VI.12). SROs for MFIs have put in place safeguards like limiting the number of microfinance lenders to a borrower to four and capping total indebtedness to ensure market discipline and borrowers' welfare.

Chart VI.11: Advances against Gold by NBFCs and SCBs

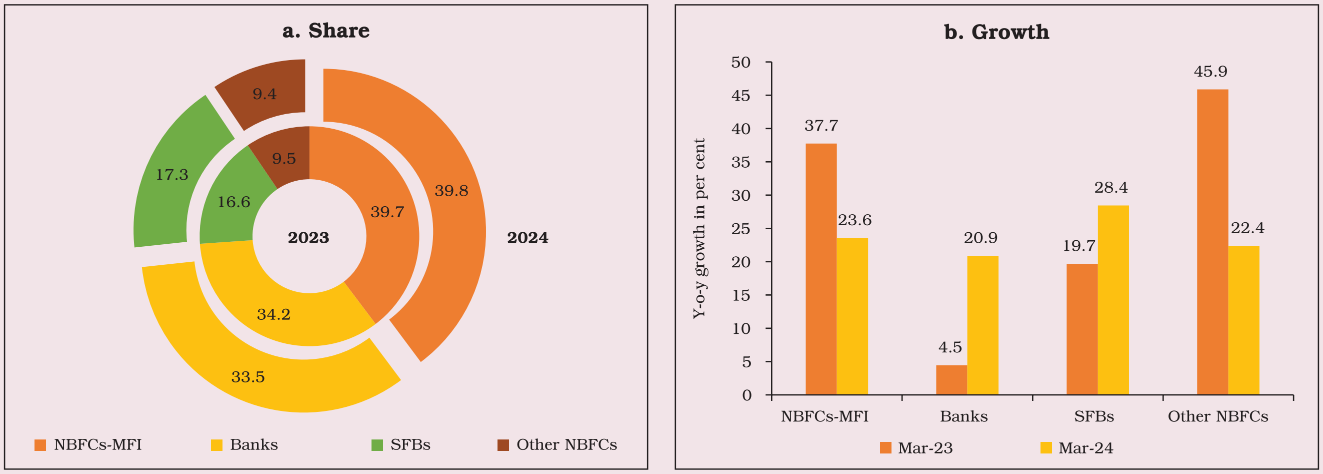


Note: Data are provisional.
Source: Supervisory Returns, RBI.

2.4. Resource Mobilisation

VI.24 NBFCs mobilise funds from a wide range of sources led by borrowing from banks and issuance of debentures. For NBFCs-D, public deposits remain an important source of funds. More recently, asset sales and securitisation have emerged as important funding sources, particularly because of their role in facilitating liquidity management.

Chart VI.12: Micro-credit Outstanding across Regulated Entities
(At end-March)



Sources: Microfinance Institutions Network (MFIN).

Table VI.7: Sources of Borrowings of NBFCs

(Amount in ₹ crore)

Items	End-March 2023	End-March 2024	End-September 2024	Percentage Variation	
				2022-23	2023-24
1	2	3	4	5	6
1. Debentures	11,05,943 (37.2)	12,28,997 (35.7)	13,28,203 (36.0)	9.8	11.1
2. Bank borrowings	11,23,748 (37.8)	13,31,619 (38.6)	13,94,324 (37.8)	23.6	18.5
3. Borrowings from FIs	86,289 (2.9)	1,11,753 (3.2)	1,09,005 (3.0)	30.5	29.5
4. Inter-corporate borrowings	1,01,924 (3.4)	1,04,788 (3.0)	1,17,369 (3.2)	21.0	2.8
5. Commercial papers	83,529 (2.8)	1,05,374 (3.1)	1,16,143 (3.1)	21.8	26.2
6. Borrowings from government	18,781 (0.6)	18,282 (0.5)	18,352 (0.5)	1.2	-2.7
7. Subordinated debts	71,457 (2.4)	75,313 (2.2)	78,237 (2.1)	0.4	5.4
8. Other borrowings	3,82,363 (12.9)	4,69,898 (13.6)	5,31,037 (14.4)	19.3	22.9
Total borrowings	**29,74,034**	**34,46,024**	**36,92,670**	**16.8**	**15.9**

Notes: 1. Data are provisional.
2. Figures in parentheses indicate share in total borrowings.

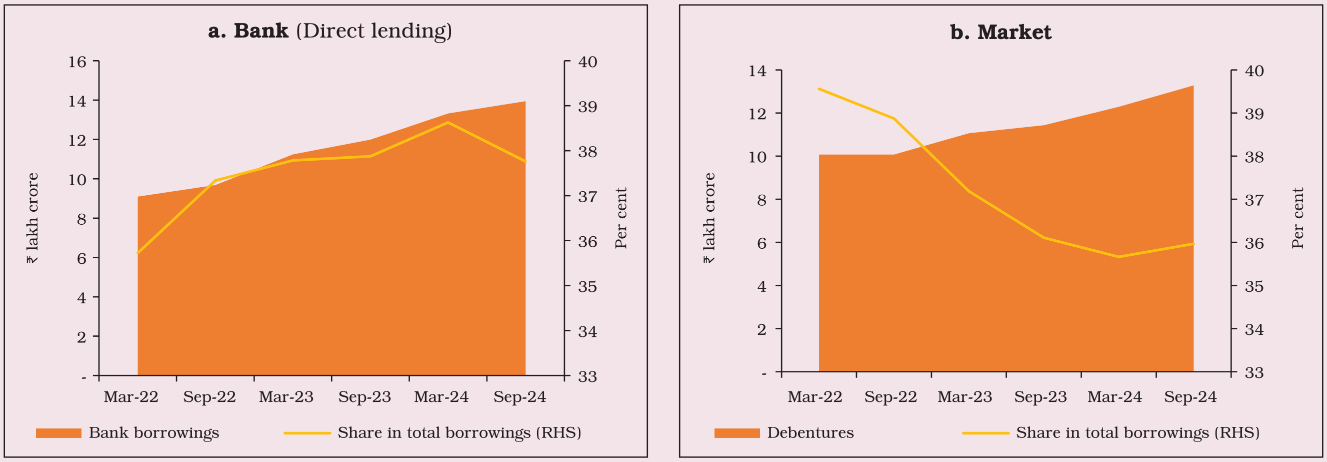
Source: Supervisory Returns, RBI.

2.4.1 Borrowings

VI.25 In the immediate aftermath of the IL&FS episode in 2018, NBFCs encountered significant challenges, including an erosion of confidence, rating downgrades, and liquidity constraints that limited their ability to borrow from the market. Exacerbated by the COVID-19 pandemic, this led to increased dependence of NBFCs on banks for funding. In 2023-24, the growth of borrowings from banks moderated due, *inter alia*, to higher risk weights on bank credit to NBFCs. The moderation in borrowings from banks continued at end-September 2024 (Table VI.7).

VI.26 Bank borrowings remain the primary source of funds for NBFCs. In fact, the reliance of NBFCs on market borrowings has declined in recent years (Chart VI.13).

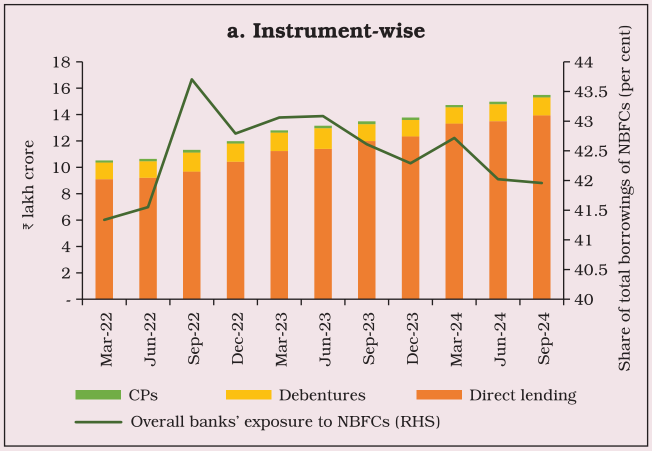
Chart VI.13: Major Sources of Borrowings



Note: Data are provisional.

Source: Supervisory Returns, RBI.

Chart VI.14: Banks' Exposure to NBFCs

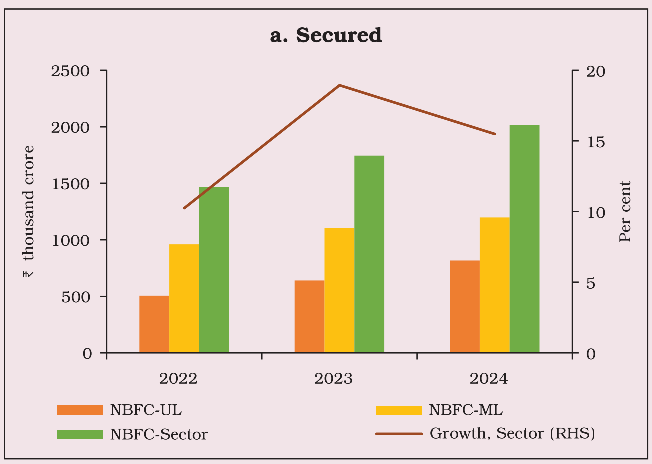


Note: Data are provisional.
Source: Supervisory Returns, RBI.

VI.27 Apart from lending directly to NBFCs, banks also subscribe to debentures and CPs issued by NBFCs. With decline in subscription to debentures by banks, overall banks' exposure as a share of NBFCs' borrowings moderated from 43.1 per cent at end-March 2023 to 42.7 per cent at end-March 2024 (Chart VI.14a). Overall bank exposure to NBFCs as share of total bank credit also declined in 2023-24 (Chart VI.14b). The reduction in NBFCs' reliance on banks for funds bodes well for overall financial stability.

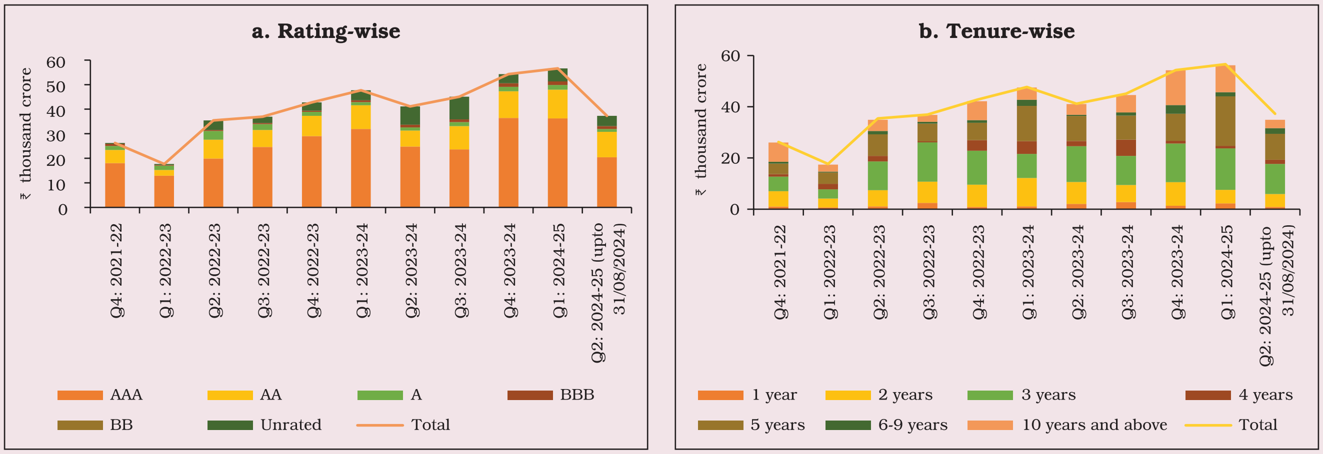
VI.28 Growth in secured borrowings of NBFCs decelerated during 2023-24, while unsecured borrowings picked up on the back of market borrowings (through the issuance of debt instruments, *viz.*, debentures and commercial papers) [Chart VI.15]. Across layers, NBFC-ML mobilise more unsecured funds mainly because of the presence of government NBFCs.

Chart VI.15: Nature of NBFCs' Borrowings
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

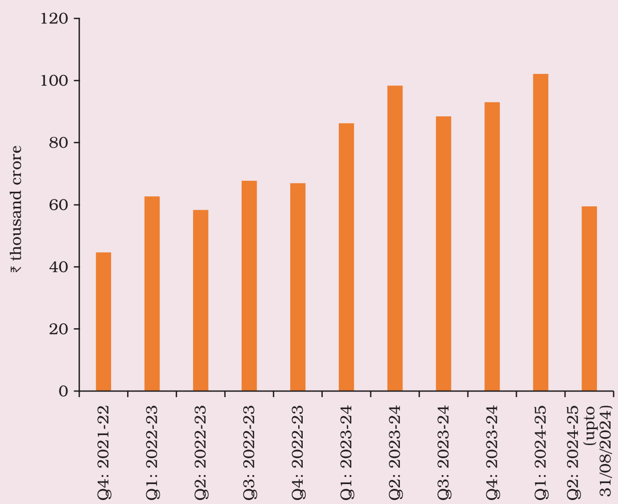
Chart VI.16: NCD Private Placements of Private NBFCs



Sources: 1. Staff calculations.
2. PRIME database.

VI.29 Funds mobilised by NBFCs through issuance of non-convertible debentures (NCDs) increased in 2023-24, with more than 80 per cent of issuances being highly rated (AAA or AA) (Chart VI.16). Borrowing by NBFCs *via* CPs also increased in 2023-24 (Chart VI.17).

Chart VI.17: Issuance of CPs by Private NBFCs

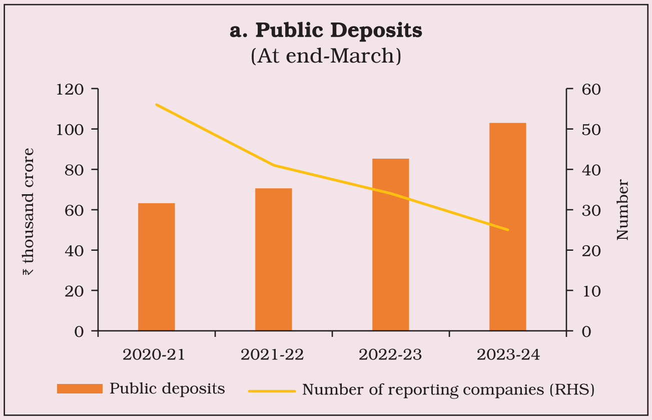


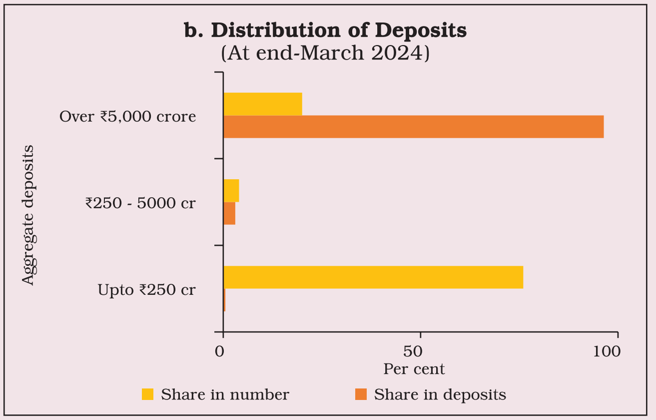
Sources: 1. Staff calculations.
2. PRIME database.

2.4.2 Public Deposits

VI.30 The balance sheet of NBFCs-D expanded by 21.6 per cent in 2023-24, with robust growth in both deposits and credit (Appendix Table VI.4). Notwithstanding a reduction in the number of NBFCs-D to 25 at end-March 2024 from 36 a year ago, their deposits recorded double digit growth (20.8 per cent) in 2023-24 (Chart VI.18a). Five NBFCs accounted for 96.4 per cent of total deposits (Chart VI.18b). The Reserve Bank has undertaken a cautious approach towards deposits mobilised by NBFCs-D, as they are not insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC). As per the extant regulatory requirements for acceptance of deposits, these NBFCs should have at least an investment-grade rating of 'BBB–' on their fixed deposits from any SEBI-registered credit rating agency. Furthermore, the quantum of deposits should not exceed 1.5 times their net owned funds (NOF) for terms ranging from 12 to 60 months and interest rates capped at 12.5 per cent.

Chart VI.18: Public Deposits with NBFCs-D





Notes: 1. NBFCs-D have been grouped into different buckets based on the size of their aggregate public deposits. No NBFCs-D had deposits in the bucket of ₹ 250-500 crore and ₹ 500-1,000 crore.
2. Data are provisional.

Source: Supervisory Returns, RBI.

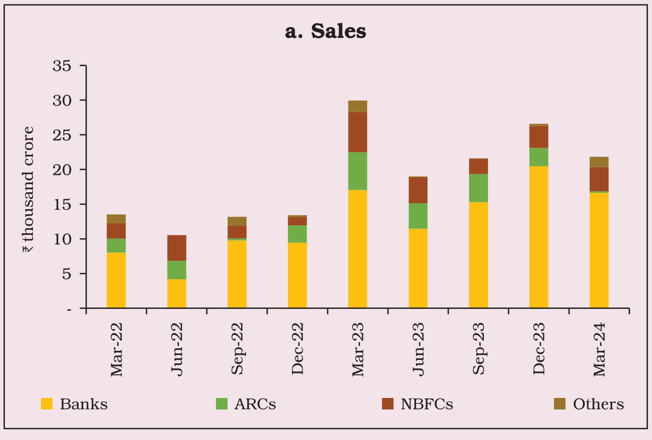
2.4.3 Loan Sales and Securitisation

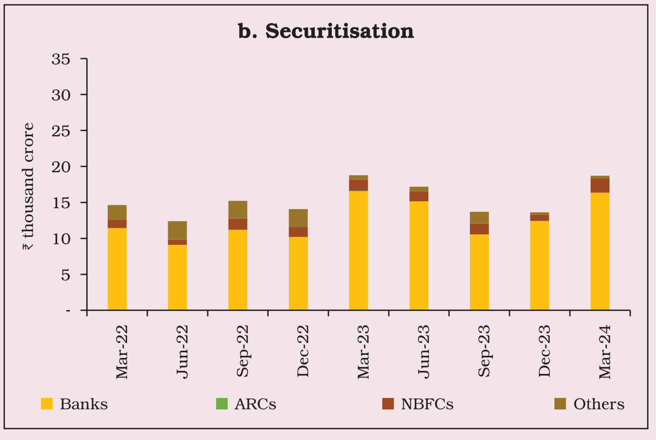
VI.31 NBFCs raised a higher volume of funds through loan sales than securitisation during 2023-24[10]. Banks are a major participant in both segments. The cumulative funds mobilised through these methods witnessed growth during this period (Chart VI.19).

2.4.4 Foreign Liabilities

VI.32 Apart from the domestic market, NBFCs also secure funds from foreign sources, mainly through external commercial borrowings (ECBs) and issuance of debentures at competitive rates. At end-March 2024, foreign liabilities stood at 8.8 per cent of the aggregate liabilities of the

Chart VI.19: Loan Sales and Securitisation by NBFCs
(During the quarter)





Note: Data are provisional.

Source: Supervisory Returns, RBI.

[10] Loan sales and securitisation are resorted to by lending institutions for reasons like liquidity generation, rebalancing of exposures or strategic sales and regulatory compliance.

Table VI.8: Foreign Liabilities of NBFCs

(Amount in ₹ crore)

Items	End-March 2023	End-March 2024	End-September 2024	Percentage Variation	
				2022-23	2023-24
1	2	3	4	5	6
1. Equity shares	39,331	46,931	54,637	-25.0	19.3
i) Foreign Institutional Investors	*1,351*	*1,861*	*2,193*	*2.6*	*37.7*
ii) Foreign Direct Investment	*37,980*	*45,070*	*52,444*	*-25.7*	*18.7*
2. Borrowings (ECBs)	2,02,724	2,56,772	3,24,830	19.1	26.7
3. Bonds/Debentures	1,26,349	1,24,130	1,20,221	-3.8	-1.8
4. Others	14,080	19,045	17,384	-16.1	35.3
Total Foreign Liabilities	**3,82,484**	**4,46,877**	**5,17,071**	**3.1**	**16.8**

Notes: 1. Data are provisional.
2. Foreign liabilities of NBFCs are part of total liabilities mentioned under balance sheet.
Source: Supervisory Returns, RBI.

sector, led by ECBs (57.5 per cent of total foreign liabilities) [Table VI.8].

2.5. Asset Liability Profile of NBFCs

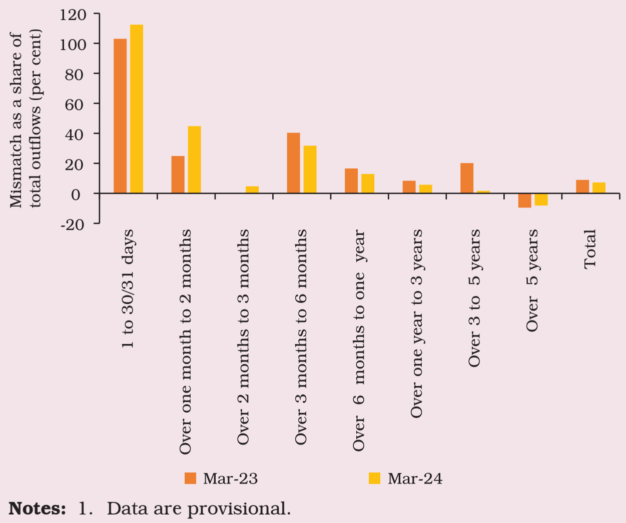
VI.33 The structural liquidity position of NBFCs is arrived at by deducting cash outflows from cash inflows across various time buckets[11]. Within the critical 1-30/31 days bucket, NBFCs had more than 100 per cent positive mismatch as a share of total outflows at end-March 2024. All buckets, except over five years maturity, maintained a positive mismatch at end-March 2024 (Chart VI.20).

VI.34 The liquidity coverage ratio (LCR)[12] was extended to NBFCs[13] to promote short-term resilience to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. With effect from December 1, 2020, NBFCs are required to maintain a minimum stipulated LCR and progressively attain the required level of 100 per cent by December 1, 2024.

2.6. Financial Performance

VI.35 About 90 per cent of NBFCs' income accrues from fund-based sources, mainly *via* interest and investment earnings, while fee-based income contributes the rest. During 2023-24, the aggregate income growth of NBFCs accelerated to 25.8 per cent from 23.2 per cent in 2022-23, with both fee and fund-based income

Chart VI.20: Structural Liquidity Statement of NBFCs
(At end- March)



Notes: 1. Data are provisional.
2. Mismatch is defined as inflows minus outflows.
Source: Supervisory Returns, RBI.

11 A positive mismatch highlights a comfortable structural liquidity position which can be attributed to either an increase in cash inflows or a decrease in cash outflows in the corresponding time bucket, whereas a negative mismatch points towards shortage of cash inflows *vis-a-vis* cash outflows in the corresponding time bucket.

12 LCR is represented as the ratio of the stock of HQLAs to total net cash outflows over the next 30 calendar days.

13 All non-deposit taking NBFCs with asset size of ₹5,000 crore and above and all deposit taking NBFCs irrespective of the asset size, excluding CICs, Type 1 NBFC-NDs, NOFHCs and SPDs.

Table VI.9: Financial Parameters of the NBFC Sector

(Amount in ₹ crore)

Items	2022-23			2023-24			H1:2024-25		
	NBFCs	NBFC-UL	NBFC-ML	NBFCs	NBFC-UL	NBFC-ML	NBFCs	NBFC-UL	NBFC-ML
1	2	3	4	5	6	7	8	9	10
A. Income	4,64,021 (23.2)	1,41,310 (25.1)	3,22,712 (22.4)	5,83,957 (25.8)	1,82,115 (28.9)	4,01,842 (24.5)	3,29,583 (29.1)	1,01,219 (19.6)	2,28,365 (33.7)
B. Expenditure	3,32,638 (12.8)	1,02,181 (18.5)	2,30,457 (10.4)	4,09,765 (23.2)	1,30,395 (27.6)	2,79,370 (21.2)	2,35,161 (31.6)	71,939 (18.3)	1,63,223 (38.5)
C. Net Profit	1,06,107 (72.5)	28,756 (44.3)	77,351 (86.0)	1,37,133 (29.2)	38,618 (34.3)	98,515 (27.4)	76,189 (27.0)	22,017 (24.4)	54,171 (28.1)
D. Total Assets	43,57,119 (17.2)	10,71,050 (26.6)	32,86,069 (14.4)	50,68,607 (16.3)	13,59,521 (26.9)	37,09,086 (12.9)	54,53,592 (17.4)	13,73,785 (16)	40,79,806 (17.9)
E. Financial Ratios (as per cent of Total Assets)									
(i) Income	10.6	13.2	9.8	11.5	13.4	10.8	12.1	14.7	11.2
(ii) Expenditure	7.6	9.5	7.0	8.1	9.6	7.5	8.6	10.5	8.0
(iii) Net Profit	2.4	2.7	2.4	2.7	2.8	2.7	2.8	3.2	2.7
F. Cost to Income Ratio (Per cent)*	71.7	72.3	71.4	70.2	71.6	69.5	71.4	71.1	71.5

*: Cost to Income Ratio = Total Expenditure / Total Income.

Notes: 1. Data are provisional and financial ratios for H1: 2024-25 have been annualised.

2. Figures in parentheses indicate y-o-y growth in per cent.

Source: Supervisory Returns, RBI.

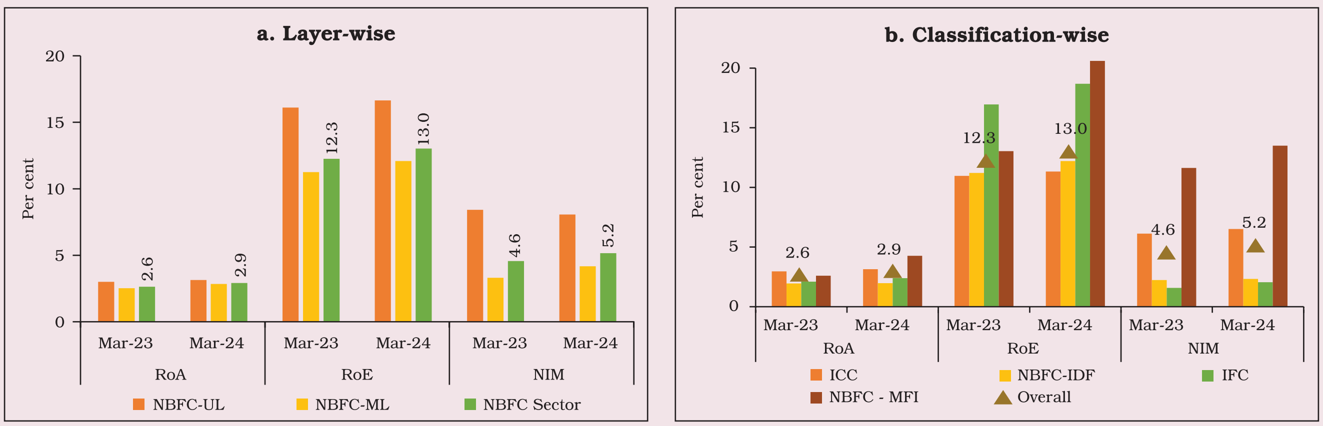
growing in double digits. Aggregate expenditure grew in 2023-24, *albeit* at a slower rate than total earnings. Interest expense was the largest expenditure component (59.0 per cent of the total at end-March 2024). Other financing costs along with operating expenditure constituted the rest of gross expenditure. Cost-to-income ratios fell across both layers, boosting profitability. Growth of net profit remained robust in H1:2024-25 (Table VI.9 and Appendix Tables VI.6 and VI.7).

VI.36 Key indicators of financial performance, *viz.*, return on assets (RoA) and return on equity (RoE), improved during 2023-24 across all layers and classifications of NBFCs, benefitting from operational efficiency gains and effective risk management (Chart VI.21).

2.7. Soundness Indicators

VI.37 The Reserve Bank's prompt corrective action (PCA) framework assesses the health and resilience of an NBFC with focus on asset quality

Chart VI.21: Profitability Ratios of NBFCs



Return on Assets (RoA) = Net Profit/ Average Total Assets. Return on Equity (RoE) = Net Profit/ Average Total Equity.

Net Interest Margin (NIM) = Net Interest Income/Average Total Assets.

Note: Data are provisional.

Source: Supervisory Returns, RBI.

and capital adequacy as the key monitorable metrics. At an aggregate level, the NBFC sector achieved an improvement in both asset quality and capital adequacy during 2023-24.

2.7.1 Asset Quality

VI.38 The share of standard assets in aggregate credit increased further in 2023-24, strengthening the quality of NBFCs' assets (Chart VI.22).

VI.39 Within standard assets, incipient stress in loan accounts is identified by classifying loans as special mention accounts (SMAs). While the share of SMA-2 accounts has come down, NBFCs need to be vigilant about the rise in the shares of SMA-0 and SMA-1 accounts in 2023-24 (Chart VI.23).

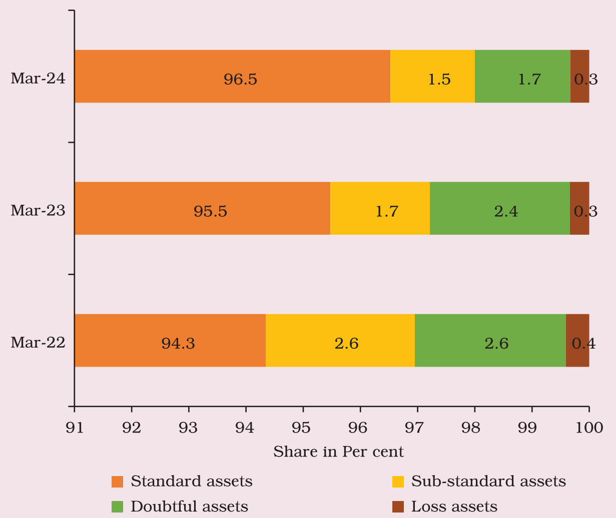
VI.40 The asset quality of NBFCs across different classifications improved further in 2023-24, indicating effective resolution of bad assets. NBFCs have also maintained adequate provisions against outstanding non performing assets (NPAs) [Chart VI.24]. This trend continued in H1: 2024-25, with gross and net NPA ratios declining to 3.4 per cent and 1.1 per cent, respectively, as at end-September 2024.

VI.41 GNPA and NNPA ratios declined across NBFC-UL and ML in 2023-24. NNPA ratio of NBFC-ML was lower than that of NBFC-UL due to higher provisions (Chart VI.25).

VI.42 Sector-wise, asset quality improved for vehicle loans, transport operators and agriculture and allied activities, while it deteriorated marginally for credit card receivables and loans against gold (Chart VI.26).

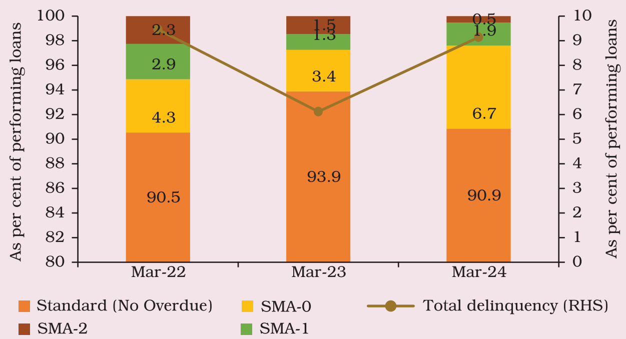
VI.43 Gross advances under larger borrowal accounts (exposure of ₹5 crore and above) grew by 14.1 per cent during 2023-24 (13.5 per cent in the previous year). Asset quality of these accounts exhibited significant improvement during the year, bringing down their share in total NPAs (Chart VI.27). The GNPA ratio of large borrowal accounts, however, stood higher than that of the overall NBFC sector.

Chart VI.22: Classification of NBFCs' Loans & Advances
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

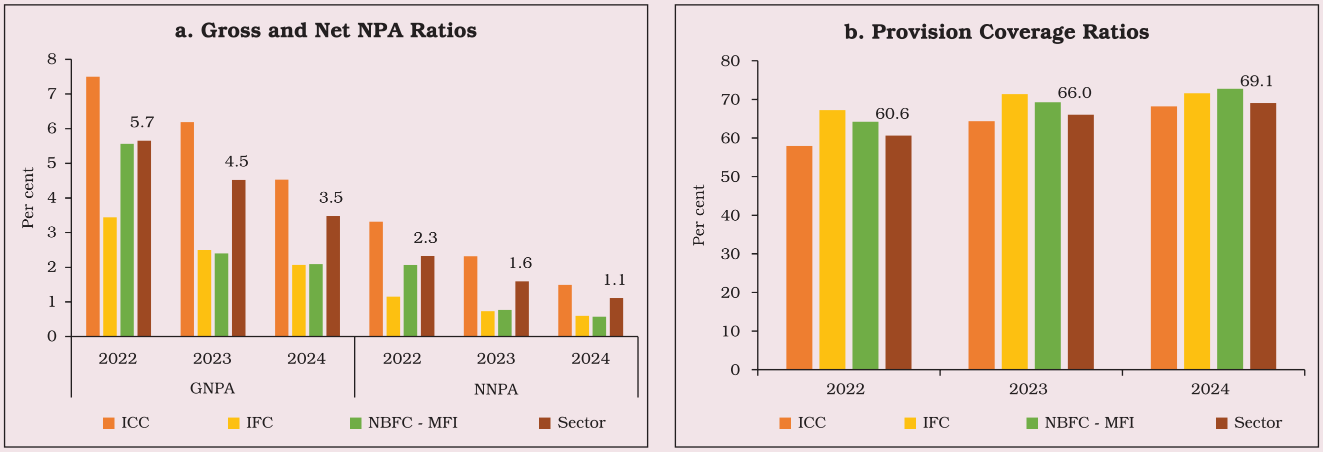
Chart VI.23: Portfolio Analysis of Performing Loans & Advances
(At end-March)



Notes: 1. SMA-0, where principal or interest payment was not overdue for more than 30 days, but the account showed signs of incipient stress.
2. SMA-1, where principal or interest payment was overdue for 31-60 days.
3. SMA-2, where principal or interest payment was overdue for 61-90 days.
4. Data are provisional.

Source: Supervisory Returns, RBI.

Chart VI.24: Asset Quality of NBFCs, by Classification
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

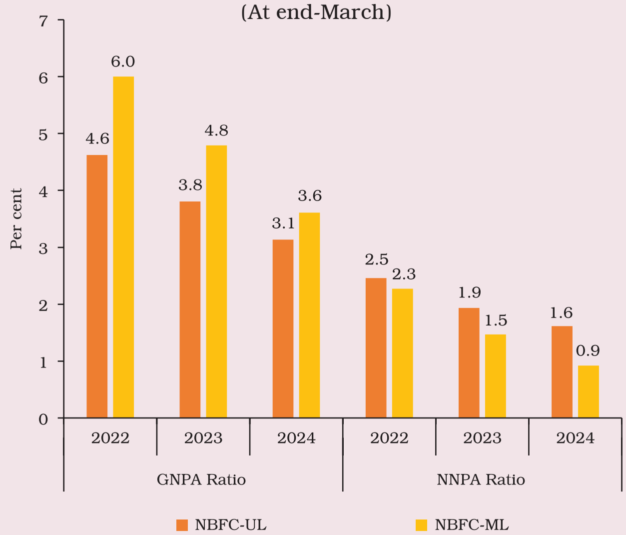
2.7.2 Capital Adequacy

VI.44 At end-March 2024, the NBFC sector maintained capital to risk-weighted assets ratio (CRAR) of 26.9 per cent, well above the regulatory requirement (Chart VI.28). Under the SBR, NBFCs [except core investment companies[14] (CICs)] in the upper layer are required to maintain common equity tier 1 capital (CET 1) of a minimum of nine per cent of risk-weighted assets, within the overall CRAR of 15 per cent. At end-September 2024, CRAR of the sector stood at a comfortable level of 26.1 per cent.

2.8. Exposure to Sensitive Sectors

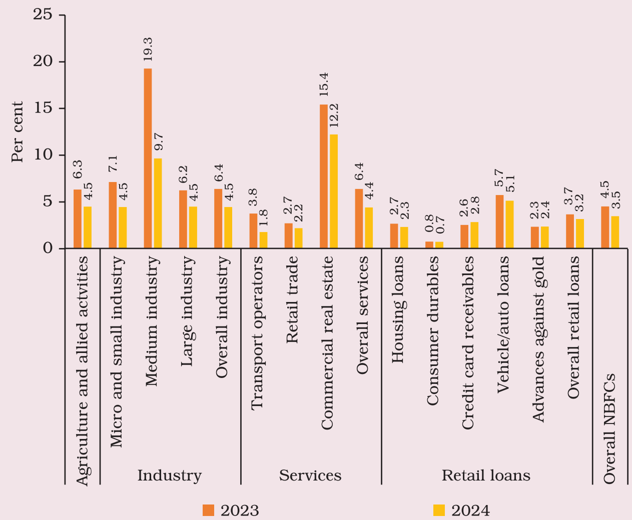
VI.45 Lending and investments in capital markets and commercial real estate are susceptible to fluctuations, with implications for

Chart VI.25: NPA Ratios, by Layer
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

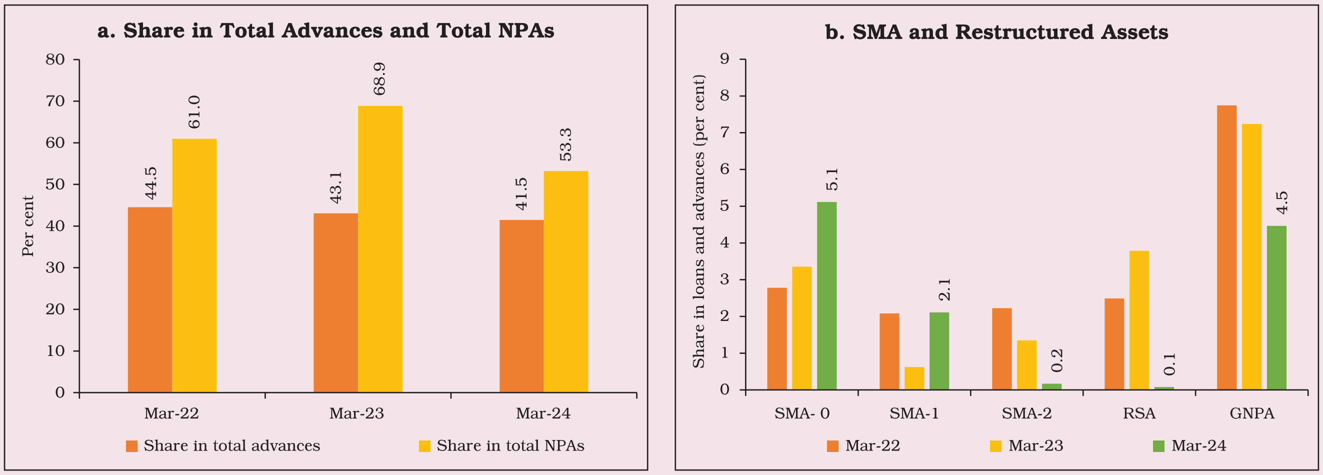
Chart VI.26: Sectoral GNPA Ratios
(At end-March)



Note: Data are provisional
Source: Supervisory Returns, RBI.

[14] CICs shall maintain adjusted net worth of minimum 30 per cent of their aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items.

Chart VI.27: Stress in Large Borrowal Accounts



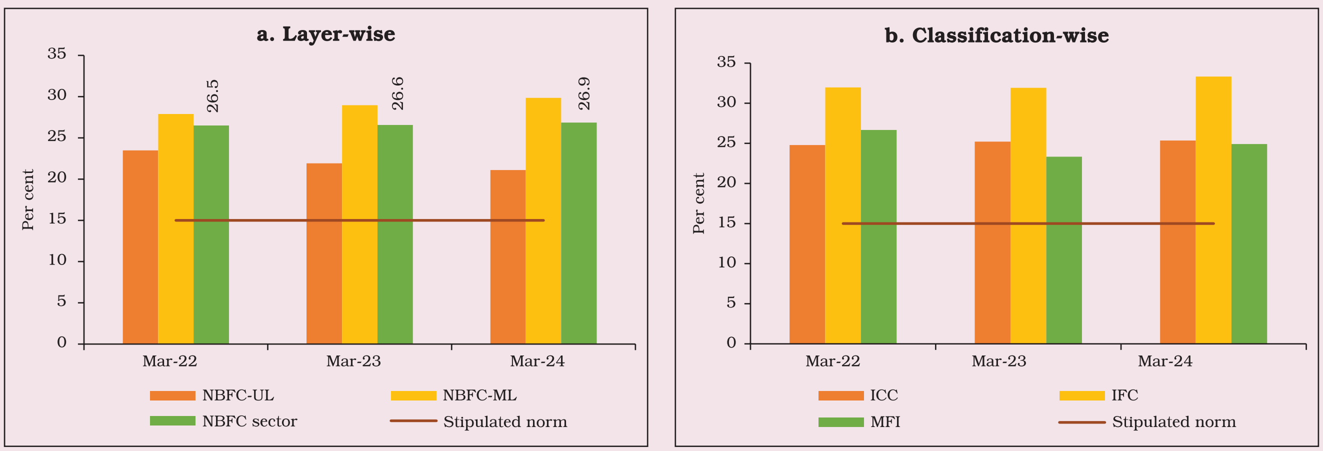
Note: Data are provisional.
Source: Central Repository of Information on Large Credits (CRILC) database.

financial stability and are, therefore, classified as sensitive sectors. NBFCs' exposure to sensitive sectors increased to 23.8 per cent of their total assets at end-March 2024 from 21.2 per cent at end-March 2023, driven by lending to the capital market (Chart VI.29).

3. Housing Finance Companies (HFCs)

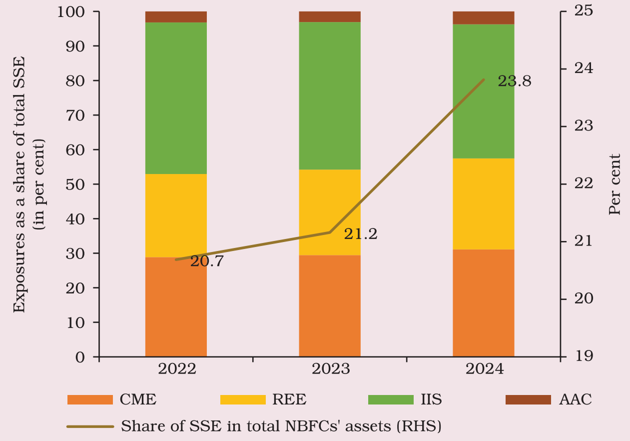
VI.46 HFCs are specialised institutions and complement other primary lending institutions, *viz.*, public sector banks and private sector banks in providing housing finance. Effective August 09, 2019, the Reserve Bank took over the regulation of HFCs from the NHB. HFCs are now treated as a category of NBFCs for regulatory purposes. Supervisory responsibilities and grievance redressal remain with the NHB. Under the SBR framework, HFCs are placed either in the middle or the upper layer. Out of the 93 HFCs registered with NHB, five HFCs were placed in

Chart VI.28: CRAR of NBFCs
(At end-March)



Note: Data are provisional.
Source: Supervisory Returns, RBI.

Chart VI.29: Exposure to Sensitive Sectors
(At end-March)



CME: Capital market exposure; REE: Real estate exposure; IIS: Investment in securities; AAC: Advances against commodities; SSE: Sensitive sector exposure.
Note: Data are provisional.
Source: Supervisory Returns, RBI.

the upper layer by the Reserve Bank. A major development in the sector during 2023-24 was the merger of a large HFC with a bank on July 1, 2023, resulting in reduction in the aggregate assets of the HFCs.

VI.47 Considering the specialised nature of HFCs, the Reserve Bank has sought to harmonise the regulations applicable to HFCs and to align them with those applicable to NBFCs in a phased manner. To this end, the Reserve Bank released revised regulations in August 2024 pertaining to *inter alia* acceptance of public deposits by eligible HFCs and participation of HFCs in various financial instruments for hedging purposes (Paragraph III.22).

VI.48 One HFC is government-owned, with a share of 8.9 per cent in the total asset size of the sector at end-March 2024 (Table VI.10). This government-owned HFC registered growth of 15.6 per cent in its assets, while the rest of the

Table VI.10: Ownership Pattern of HFCs
(At end- March)

(Amount in ₹ crore)

Type	2023		2024	
	Number	Asset Size	Number	Asset Size
1	2	3	4	5
A. Government Companies	1	83,054	1	95,990
B. Non-Government Companies (1+2)	96 (95)	16,04,245 (8,65,326)	92	9,78,455
1. Public Ltd. Companies	74 (73)	15,95,917 (8,56,998)	71	9,66,912
2. Private Ltd. Companies	22	8,328	21	11,542
Total (A+B)	**97 (96)**	**16,87,300 (9,48,381)**	**93**	**10,74,445**

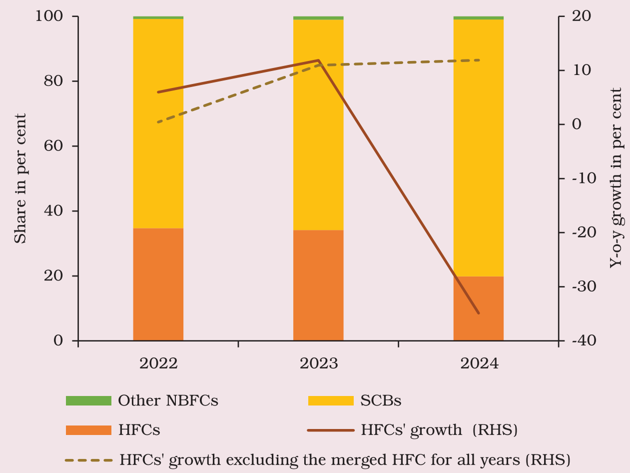
Notes: 1. Data are provisional.
2. Data for 2024 reflect the impact of the merger of an HFC with a bank. Figures in parentheses for 2023 exclude data for the merged entity.

Source: NHB.

HFCs (after adjusting for the merger[15]) recorded growth of 13.1 per cent.

VI.49 The share of HFCs in total credit to the housing sector (banks, HFCs and other NBFCs combined) was 34.1 per cent at end-March 2023; post-merger, the share of HFCs was 19.9 per cent at end-March 2024 (Chart VI.30).

Chart VI.30: Credit to Housing Sector by HFCs, SCBs and other NBFCs
(At end-March)



Note: Data are provisional.
Source: NHB.

[15] For comparison, HFCs' growth rates for 2023-24 are calculated excluding the merged HFC for the year 2022-23.

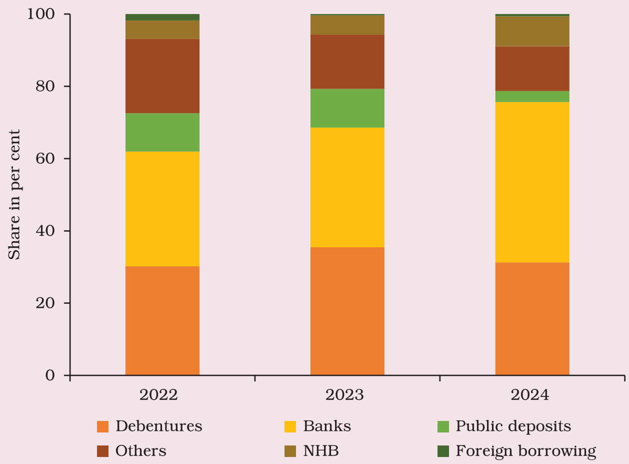
3.1. Balance Sheet

VI.50 During 2023-24, the balance sheet of HFCs increased by 13.3 per cent, driven mainly by loans and advances extended by the middle layer HFCs (Table VI.11). On the liabilities side, borrowings *via* banks picked up, while those through debentures slackened. Rising income, push for urbanisation and increased demand for home ownership have sustained the demand for credit in the housing market. The objectives of housing for all under *Pradhan Mantri Awas Yojana* (PMAY) and subsidised credit for affordable housing have also supported housing credit demand.

3.2. Resource Profile of HFCs

VI.51 Debentures and borrowings from banks are the major sources of funds for HFCs (75.7 per cent of total resources mobilised at end-March 2024) [Chart VI.31].

Chart VI.31: Resources Mobilised by HFCs
(At end-March)



Notes: 1. Data are provisional.
2. Data for 2024 reflect the impact of the merger of an HFC with a bank.
Source: NHB

VI.52 Public deposits for deposit-taking HFCs rose by 3.3 per cent during 2023-24 (adjusted for the effect of the merger) as compared with 7.9 per cent in the previous year. Public deposits

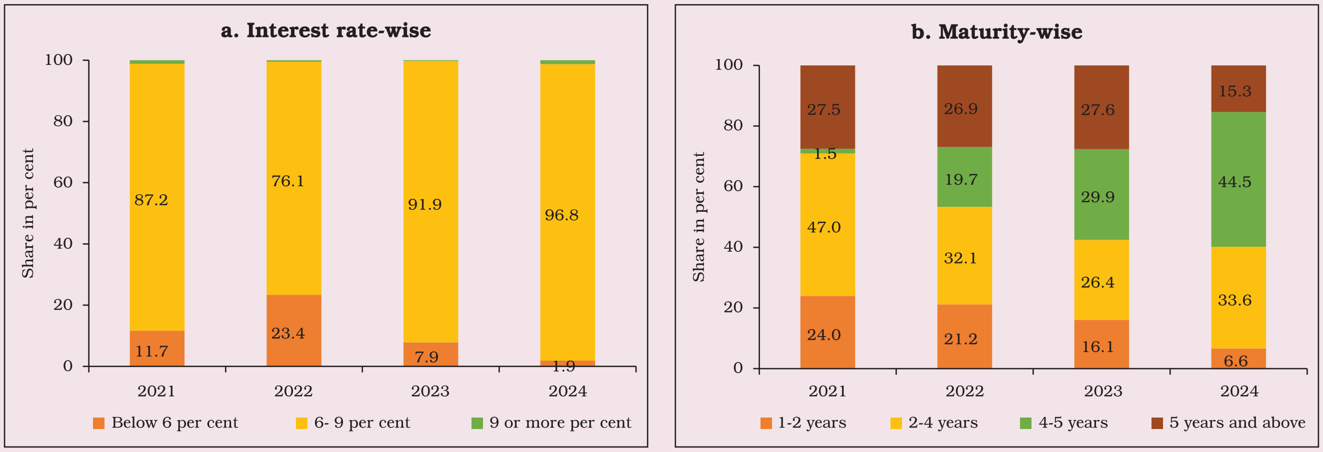
Table VI.11: Consolidated Balance Sheet of HFCs

(Amount in ₹ crore)

	At end-March 2023			At end-March 2024			Percentage Variation (Sector)	
Items	ML	UL	Sector	ML	UL	Sector	2022-23	2023-24
1	2	3	4(2+3)	5	6	7(5+6)	8	9
1. Share capital	13,956	28,817	42,773	14,721	30,562	45,283	6.0	6.8
2. Reserves and surplus	59,570	1,95,598	2,55,168	76,540	74,324	1,50,865	13.6	24.1
3. Public deposits	4,903	1,30,280	1,35,183	5,076	19,689	24,764	7.9	3.3
4. Debentures	42,952	4,04,211	4,47,163	59,642	1,96,411	2,56,053	25.5	10.3
5. Bank borrowings	1,44,893	2,73,608	4,18,501	1,86,614	1,76,984	3,63,598	11.7	17.8
6. Borrowings from NHB	37,375	29,892	67,267	47,549	20,792	68,341	13.0	27.2
7. Inter-Corporate Borrowings	26,085	50,430	76,516	2,577	8,833	11,411	-38.8	-67.8
8. Commercial papers	4,203	57,643	61,847	10,241	20,734	30,975	23.2	58.2
9. Borrowings from Government	-	431	431	-	-	-	-83.3	0.0
10. Subordinated debts	4,173	10,227	14,401	4,575	6,520	11,095	-6.3	-2.7
11. Other borrowings	29,168	11,397	40,565	45,448	7,231	52,680	-43.2	29.9
12. Current liabilities	9,326	19,113	28,439	10,784	9,304	20,088	-1.7	11.5
13. Provisions	4,652	26,142	30,794	6,526	13,517	20,043	-8.9	12.4
14. Other	6,852	61,401	68,253	4,548	14,703	19,250	264.3	-16.1
Total Liabilities/Assets	**3,88,109**	**12,99,191 (5,60,272)**	**16,87,300 (9,48,381)**	**4,74,841**	**5,99,604**	**10,74,445**	**10.5**	**13.3**
1. Loans and advances	3,51,770	11,06,072	14,57,842	4,36,062	5,25,390	9,61,452	9.8	14.8
2. Investments	11,713	1,29,377	1,41,089	10,044	32,753	42,797	34.9	-3.7
3. Cash and bank balances	15,098	12,597	27,695	16,480	11,006	27,486	-30.7	3.8
4. Other assets	9,528	51,145	60,673	12,255	30,455	42,710	11.8	6.5

Notes: 1. Data are provisional.
2. Data for 2024 reflect the impact of the merger of an HFC with a bank. Figures in parentheses for 2023 exclude data for the merged entity.
3. Growth rates for 2023-24 are calculated by excluding the merged entity from 2022-23.
Source: NHB.

Chart VI.32: Distribution of HFCs' Public Deposits
(At end-March)



Notes: 1. Data are provisional.
2. Data for 2024 reflect the impact of the merger of an HFC with a bank.
Source: NHB.

constituted three per cent of total resources mobilised by HFCs at end-March 2024 as compared with 10.7 per cent a year ago, reflecting the merger's impact.

VI.53 Deposits are concentrated in the 6-9 percent interest rate bracket (96.8 per cent deposits at end-March 2024). Maturity wise, the deposits in the 4-5 years segment dominate (Chart VI.32).

3.3. Financial Performance

VI.54 Income of the HFCs expanded on account of both fund and fee income in 2023-24. With expenditure increasing marginally more than income, the cost-to-income ratio inched up in 2023-24. RoA remained same during the year, adjusted for the effect of the merger (Table VI.12).

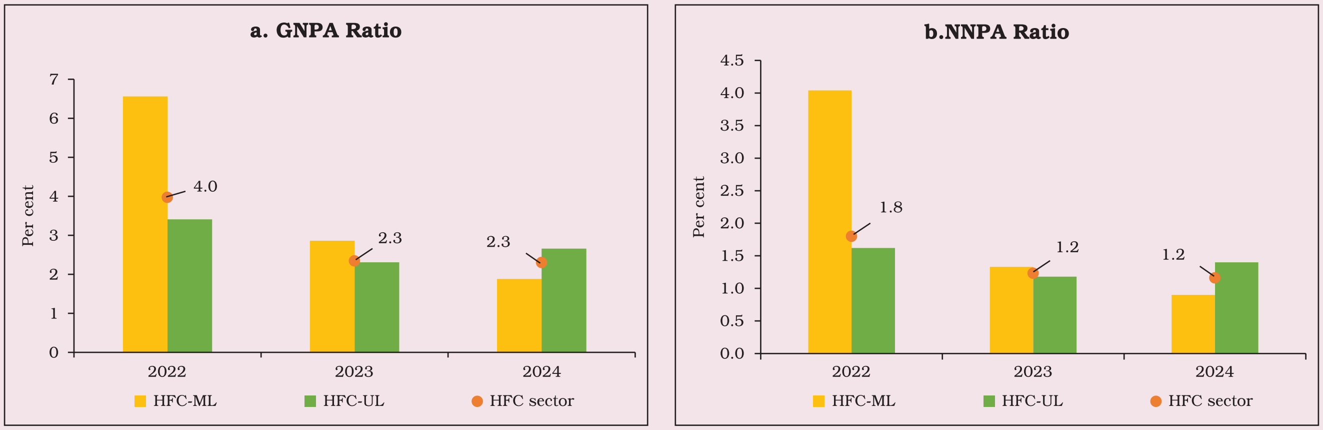
Table VI.12: Financial Parameters of HFCs

(Amount in ₹ crore)

Particulars	2021-22	2022-23	2023-24	Percentage Variation	
				2022-23	2023-24
1	2	3	4	5	6
Total Income	**1,25,425**	**1,55,197 (94,973)**	**1,07,639**	**23.7**	**13.3**
1. Fund Income	1,22,998	1,45,086	1,02,451	18.0	18.4
2. Fee Income	1,376	1,950	2,366	41.8	48.1
Total Expenditure	**1,00,264**	**1,14,841 (74,632)**	**85,292**	**14.5**	**14.3**
1. Financial Expenditure	74,467	87,425	61,796	17.4	19.4
2. Operating Expenditure	10,638	13,963	14,733	31.3	24.7
Tax Provision	4,766	1,798	826	-62.3	-34.2
Net Profit (PAT)	**20,395**	**28,692 (12,453)**	**18,139**	**40.7**	**45.7**
Cost to Income Ratio	79.9	74.0	79.2		
Return on Assets (RoA)	1.3	1.7	1.7		

PAT = Total Income – (Total Expenditure + Tax Expenses); Cost to Income Ratio = Total Expenditure/Total Income;
Return on Assets (RoA) = PAT/Total Assets
Notes: 1. Data are provisional.
2. Data for 2024 reflect the impact of the merger of an HFC with a bank. Figures in parentheses for 2022-23 exclude data for the merged entity.
3. Growth rates for 2023-24 are calculated by excluding the merged entity from 2022-23.
Source: NHB.

Chart VI.33: Asset Quality of HFCs, by Layer
(At end-March)

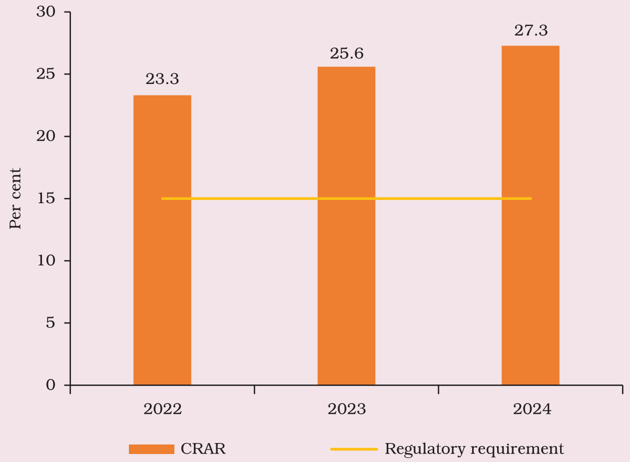


Notes: 1. Data are provisional.
2. Data for 2024 reflect the impact of the merger of an HFC with a bank.
Source: NHB.

3.4. Soundness Indicators

VI.55 The asset quality of HFCs remained broadly stable in 2023-24, with improvement in the middle layer and some slippage in the upper layer segment (Chart VI.33). The CRAR for the sector is well above the mandated requirement of 15 per cent (Chart VI.34).

Chart VI.34: Capital Adequacy
(At end-March)



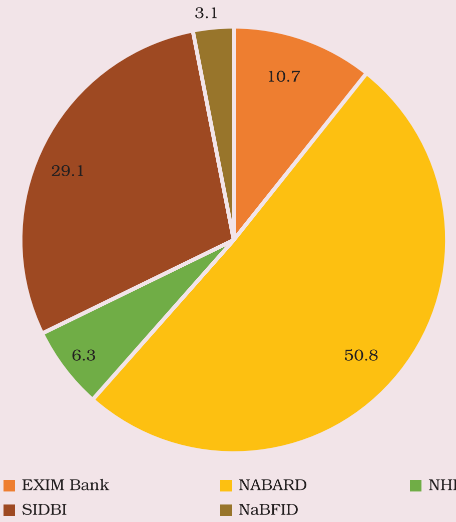
Notes: 1. Data are provisional.
2. Data for 2024 reflect the impact of the merger of an HFC with a bank.
Source: NHB.

VI.56 To sum up, post-merger, the asset quality of the HFCs has remained healthy, supporting double-digit credit growth. HFCs are expanding to Tier II and III cities and rural areas, which offer growth opportunities. The recent move towards harmonisation of regulations for HFCs will act as a catalyst for sustainable growth of the sector. Going forward, HFCs need to adjust to the changing landscape to maintain their relevance in the Indian financial system.

4. All India Financial Institutions

VI.57 All India Financial Institutions (AIFIs) play an important role in fulfilling long-term funding requirements of many sectors. At end-March 2024, five AIFIs (NABARD, SIDBI, NHB, EXIM Bank and NaBFID) were registered, regulated and supervised by the Reserve Bank. As an apex development financial institution, the NABARD aims to facilitate agricultural and rural development. The SIDBI is tasked with the promotion, financing and development of the MSME sector. The NHB is the principal agency for promoting housing finance companies and

Chart VI.35: Distribution of AIFIs, by Asset-Size
(At end-March 2024)



Source: Respective Financial Institutions

providing financial support to such institutions. The EXIM Bank aims to promote India's international trade by providing financial assistance to exporters and importers. The recently established NaBFID is focussed on addressing the long-term financing requirements of the infrastructure sector in India. NABARD is the largest AIFI, accounting for over half of the assets of all AIFIs (Chart VI.35).

4.1. AIFIs' Operations[16]

VI.58 Financial assistance sanctioned and disbursed by AIFIs grew by 19.3 per cent and 15.6 per cent, respectively, in 2023-24. NHB, however, underwent a decrease in sanctioned and disbursed amounts during the year, attributable to the earlier noted merger of a large HFC with a commercial bank. NaBFID, which saw its first full year of operation in 2023-24, registered robust growth in both sanctions

Table VI.13: Financial Assistance Sanctioned & Disbursed by AIFIs

(Amount in ₹ crore)

Institutions	Sanctions		Disbursements	
	2022-23	2023-24	2022-23	2023-24
1	2	3	4	5
EXIM Bank	79,764	1,06,312	68,787	89,073
NABARD	3,84,319	4,42,649	3,64,832	4,36,584
NHB	42,905	35,671	35,701	32,085
SIDBI	2,88,137	3,02,590	2,80,787	2,94,942
NaBFID	18,560	83,280	10,045	26,243
Total	**8,13,685**	**9,70,501**	**7,60,153**	**8,78,927**

Notes: 1. Data are provisional.
2. NHB data for 2023-24 reflect the impact of the merger of an HFC with a bank.

Source: Respective Financial Institutions.

and disbursements (Table VI.13 and Appendix Table VI.8).

4.2. Balance Sheet

VI.59 The consolidated balance sheet of AIFIs grew by 20.1 per cent in 2023-24, marginally higher than 19.8 per cent in the preceding year. While growth in loans and advances moderated, primarily due to the deceleration in loans extended by the SIDBI and the NHB, investments by AIFIs surged by 31.8 per cent. On the liabilities side, bonds and debentures rose by 18.9 per cent, driven by NABARD, which *inter alia* issued India's first AAA-rated rupee-denominated social bond in 2023-24[17]. Borrowings and deposits - the largest sources of funds for AIFIs (61.9 per cent of all liabilities at end-March 2024) - continued to grow at a robust pace in 2023-24 (Table VI.14).

VI.60 Resource mobilisation by all AIFIs expanded by 27.9 per cent in 2023-24. The share of long-term resources increased to 45.1 per cent in 2023-24 from 37.0 per cent in

[16] The financial year for EXIM Bank, SIDBI, NABARD and NaBFID is from April to March, while for NHB, it is from July to June.

[17] NABARD mobilised ₹1,040.5 crore through these social bonds in FY2024, championing the cause of environmental, social and governance (ESG) investing in India. The funds raised by this issuance will be utilised to refinance drinking water projects under GoI's *Jal Jeevan Mission*.

Table VI.14: AIFIs' Balance Sheet
(At end-March)

(Amount in ₹ crore)

	2022	2023	2024	Percentage Variation	
				2022-23	2023-24
1	2	3	4	5	6
1. Capital	55,008	55,008	55,008	0.0	0.0
2. Reserves	86,658	99,638	1,15,568	15.0	16.0
3. Bonds & Debentures	3,40,616	3,62,319	4,30,847	6.4	18.9
4. Deposits	4,36,057	4,94,762	5,58,894	13.5	13.0
5. Borrowings	2,59,406	4,11,113	5,50,613	58.5	33.9
6. Other Liabilities	68,614	70,230	81,687	2.4	16.3
Total Liabilities / Assets	**12,46,359**	**14,93,070**	**17,92,616**	**19.8**	**20.1**
1. Cash & Bank Balances	43,371	46,041	87,711	6.2	90.5
2. Investments	1,16,334	1,00,427	1,32,375	-13.7	31.8
3. Loans & Advances	10,69,116	13,17,700	15,39,223	23.3	16.8
4. Bills Discounted /Rediscounted	3,058	5,290	6,401	73.0	21.0
5. Fixed Assets	1,268	1,260	1,268	-0.6	0.6
6. Other Assets	13,212	22,352	25,639	69.2	14.7

Note: Data are Provisional.
Source: Respective Financial Institutions.

the previous year, driven by NABARD. AIFIs' reliance on short-term resources fell to 51.6 per cent in 2023-24 from 58.9 per cent in 2022-23 (Table VI.15).

Table VI.15: Resources Mobilised by AIFIs in 2023-24

(Amount in ₹ crore)

Institution	Total Resources Raised				Total Outstanding
	Long-Term	Short-Term	Foreign Currency	Total	
1	2	3	4	5	6
EXIM Bank	11,300	37,093	29,042	77,434	1,54,611
NABARD	2,13,832	2,25,343	0	4,39,175	7,60,865
NHB*	25,504	9,200	0	34,704	94,407
SIDBI**	1,23,340	1,85,818	0	3,09,158	4,76,978
NaBFID	25,219	0	0	25,219	25,219
Total	**3,99,195**	**4,57,454**	**29,042**	**8,85,690**	**15,12,079**

* Short-term resources figure represents borrowings through transactions in the overnight Tri-Party Repo Dealing System (TREPS) on a roll-over basis (gross amount on roll-over basis).
** Short-term under total resources raised also include short-term loans from banks.
Note: Long-term rupee resources comprise borrowings by way of bonds/ debentures; while short-term resources comprise CPs, term deposits, ICDs, CDs and borrowings from the term money market. Foreign currency resources largely comprise borrowings by issuing bonds in the international market.
Source: Respective Financial Institutions.

VI.61 Borrowings through commercial paper (CP) accounted for 56.1 per cent of resources raised by AIFIs from the money market at-end March 2024. While CP issuances of EXIM Bank, NABARD and NHB increased in 2023-24, those of SIDBI recorded a decline. AIFIs mobilise resources from the money market based on a specified umbrella limit, which is linked to their net owned funds (NOF). The utilisation of this limit rose to 65.3 per cent in 2023-24 from 63.9 per cent a year ago (Table VI.16).

4.3. Sources and Uses of Funds

VI.62 In 2023-24, funds raised and deployed by AIFIs increased by 52.5 per cent. External sources replaced internal funds as the dominant source, driven by SIDBI's borrowings (growth of over 100 per cent for the second consecutive year). In 2023-24, around three-fourths of the mobilised funds were used to repay past borrowings (Table VI.17).

Table VI.16: Resources Raised by AIFIs from the Money Market

(At end-March) #

(Amount in ₹ crore)

		2022-23	2023-24	Percentage Variation
1		2	3	4
Instrument				
A.	Total	1,54,707	1,79,181	15.8
	i) Term Deposits	8,709	12,632	45.0
	ii) Term Money	1,942	2,508	29.1
	iii) Inter-corporate Deposits	-	-	
	iv) Certificate of Deposits	49,560	63,595	28.3
	v) Commercial Paper	94,496	1,00,446	6.3
Memo:				
B.	Umbrella Limit ^	2,42,208	2,74,407	13.3
C.	Utilisation of Umbrella limit (A as percentage of B)	63.9	65.3	-

#: End-June for NHB.
^ : post adoption of accounts by the Board
Note: The umbrella limit is applicable for five instruments– term deposits; term money borrowings; certificates of deposits (CDs); commercial paper (CPs); and inter-corporate deposits.
Source: Respective Financial Institutions.

4.4. Maturity Profile and Cost of Borrowings

VI.63 The weighted average cost of rupee resources raised by all AIFIs increased further in 2023-24 (Chart VI.36a). Among all AIFIs, resources raised by NaBFID had the highest weighted average maturity, given its focus on infrastructure financing (Chart VI.36b). Long-term prime lending rates (PLRs) increased for EXIM Bank and NHB, while they remained constant for SIDBI and NaBFID (Chart VI.37).

Table VI.17: AIFIs' Sources and Deployment of Funds

(Amount in ₹ crore)

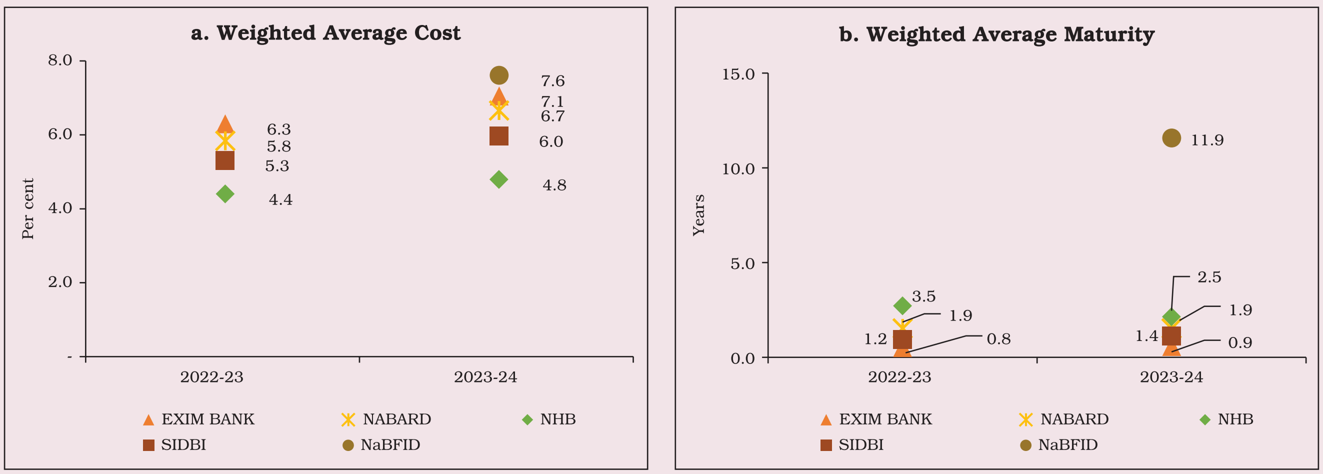
Items	2022-23	2023-24	Percentage Variation
1	2	3	4
A. Sources of Funds (i+ii+iii)	**57,92,482**	**88,34,046**	**52.5**
i. Internal	34,74,360	39,25,315	13.0
ii. External	22,48,393	48,09,252	113.9
iii. Others@	69,729	99,479	42.7
B. Deployment of Funds (i+ii+iii)	**57,92,482**	**88,34,046**	**52.5**
i. Fresh Deployment	15,33,679	15,75,117	2.7
ii. Repayment of Past Borrowings	35,62,866	63,64,347	78.6
iii. Other Deployment	6,95,937	8,94,581	28.5
of which: Interest Payments	52,845	72,978	38.1

@: Includes cash and balances with banks and the Reserve Bank of India.
Note: Data are provisional.
Source: Respective Financial Institutions.

4.5. Financial Performance

VI.64 The income of AIFIs increased steadily in 2023-24, buoyed by interest income, particularly of NABARD and SIDBI. On the expenditure side, the growth in interest expenses of AIFIs accelerated, again mainly due to NABARD and SIDBI. AIFIs also recorded a steady growth in

Chart VI.36: Weighted Average Cost and Maturity of Rupee Resources Raised by AIFIs



Note: Data are provisional.
Source: Respective Financial Institutions.

Chart VI.37: Long-term PLR Structure of Select AIFIs

Note: 1. EXIM Bank is using long-term minimum lending rate based on the base rate.
2. Not applicable for NABARD.
3. Data are provisional.

Source: Respective Financial Institutions.

operating profit and net profit during the year (Table VI.18).

VI.65 The ratio of interest income to average working funds improved for all AIFIs during 2023-24. Operating profits as a proportion of average working funds dipped for EXIM Bank, SIDBI and NaBFID (Table VI.19).

Table VI.18: Financial Performance of AIFIs

(Amount in ₹ crore)

	2021-22	2022-23	2023-24	Percentage Variation	
				2022-23	2023-24
1	2	3	4	5	6
A) Income	**59,145**	**75,411**	**1,05,875**	**27.5**	**40.4**
a) Interest Income	57,666	73,982	1,04,276	28.3	40.9
b) Non-Interest Income	1,479	1,429	1,599	-3.4	11.9
B) Expenditure	**43,674**	**56,679**	**82,396**	**29.8**	**45.4**
a) Interest Expenditure	40,281	53,353	76,395	32.5	43.2
b) Operating Expenses	3,393	3,326	6,001	-2.0	80.5
of which Wage Bill	2,269	1,991	3,914	-12.3	96.6
C) Provisions for Taxation	**4,064**	**3,230**	**4,631**	**-20.5**	**43.4**
D) Profit					
Operating Profit (PBT)	14,862	17,347	21,059	16.7	21.4
Net Profit (PAT)	9,817	12,568	15,913	28.0	26.6

Note: Data are provisional.
Source: Respective Financial Institutions.

VI.66 The profitability of EXIM Bank, NABARD and NHB, as reflected in their return on assets (RoAs), improved in 2023-24 (Chart VI.38).

4.6. Soundness Indicators

VI.67 Considering the important role played by AIFIs in promoting the flow of credit to various sectors, the Reserve Bank extended the Basel III Capital Framework to AIFIs with effect from April 2024. AIFIs are required to maintain a minimum CRAR of 9 per cent. At end-March 2024, the capital position of all AIFIs remained healthy, with CRARs well above the regulatory requirement (Chart VI.39a). At end-March 2024,

Table VI.19: AIFIs' Select Financial Parameters

	As a per cent of Average Working Funds						Net Profit per Employee (₹ crore)	
	Interest Income		Non-interest Income		Operating Profit			
	2023	2024	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8	9
EXIM	7.8	9.0	0.4	0.3	2.6	2.3	4.3	7.1
NABARD	5.4	6.1	0.03	0.01	1.0	1.1	1.7	1.9
NHB	5.6	6.2	0.2	0.1	2.0	2.3	6.3	7.8
SIDBI	5.4	6.7	0.2	0.1	1.6	1.5	3.2	3.7
NaBFID	5.3	7.9	0.02	0.7	5.2	4.8	23.3	19.8

Note: Data are provisional.
Source: Respective Financial Institutions.

Chart VI.38: RoA of AIFIs
(At end-March)

Notes: 1. RoA refers to Return on Average Assets.
2. Data are provisional.
Source: Respective Financial Institutions.

nearly all assets of AIFIs were standard, except for EXIM Bank, whose doubtful assets edged up slightly during 2023-24. Net NPA ratios of all AIFIs, except EXIM Bank, were zero (Chart VI.39b).

5. Primary Dealers

VI.68 As at end-March 2024, there were 21 Primary Dealers (PDs), 14 functioning departmentally as bank PDs and seven as standalone PDs (SPDs) registered as NBFCs under Section 45-IA of the RBI Act, 1934.

5.1. Operations and Performance of PDs

VI.69 PDs are mandated to underwrite issuances of central government dated securities and participate in primary auctions. They are also mandated to achieve a minimum success ratio (bids accepted as a proportion to bidding commitment) of 40 per cent in primary auctions of Treasury Bills (T-bills) and Cash Management Bills (CMBs), assessed on a half-yearly basis. In 2023-24, all PDs achieved more than their minimum bidding commitments and subscribed to 69.6 percent of the total quantum of T-Bills issued during the year, marginally higher than 68.9 percent achieved in the previous year. In 2024-25 (up to September 2024), the share of PDs in the total quantum of T-Bills issued stood at 76.4 per cent. PDs' share in allotment in the primary issuance of dated securities rose from 56.6 per cent in 2022-23 to 63.5 per cent in 2023-24. This increased further to 67.0 per cent in H1:2024-25 (Table VI.20).

Chart VI.39: Soundness Indicators of AIFIs
(At end-March)

Note: Data are provisional.
Source: Respective Financial Institutions.

Table VI.20: Performance of PDs in the Primary Market

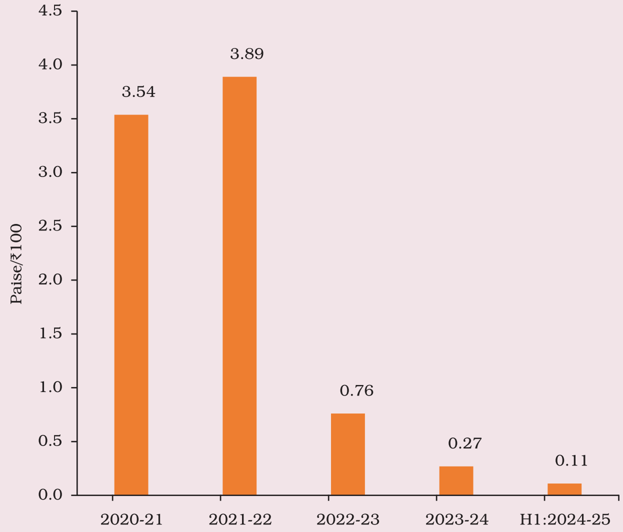
(Amount in ₹ crore)

Items	2021-22	2022-23	2023-24	H1:2024-25
1	2	3	4	5
Treasury Bills and CMBs				
(a) Bidding commitment	15,37,735	16,27,045	16,40,785	5,50,745
(b) Actual bids submitted	37,21,906	36,47,564	35,46,730	13,18,661
(c) Bids accepted	9,59,380	9,74,028	9,96,891	3,67,511
(d) Success ratio (c) / (a) (in Per cent)	62.4	59.9	60.8	66.7
(e) Share of PDs in total allotment (in Per cent)	76.9	68.9	69.6	76.4
Central Government Dated Securities				
(f) Notified amount	10,80,000	14,37,000	15,43,000	7,50,000
(g) Actual bids submitted	22,22,924	25,55,668	29,79,456	17,23,480
(h) Bids of PDs accepted	5,33,201	8,03,600	9,79,036	4,95,320
(i) Share of PDs (in per cent)*	47.3	56.6	63.5	67.0

Notes: 1. Data are provisional.
2. *Calculated with respect to the total issued amount

Source: Returns filed by PDs

Chart VI.40: Average Rate of Underwriting Commission of PDs



Source: Returns filed by PDs.

VI.70 The underwriting commission paid to PDs (exclusive of GST) during 2023-24 was ₹41.1 crore as compared with ₹91.1 crore in the previous year; it was ₹8.34 crore in H1:2024-25. The average rate of underwriting commission decreased from ₹0.76 paise/₹100 in 2022-23 to ₹0.27 paise/₹100 in 2023-24 and further to ₹0.11 paise in 2024-25 (up to September 2024) [Chart VI.40].

VI.71 The turnover target to be achieved by PDs in the secondary market has been fixed as a specific percentage of the average of the previous three years' outright market turnover in G-secs and T-bills, taken on an aggregate basis. Accordingly, the target was fixed at 1.5 per cent for 2023-24 as compared to one percent for 2022-23. All the PDs individually achieved the minimum stipulated annual turnover ratio. The target for 2024-25 has been fixed at two per cent.

5.2. *Performance of Standalone PDs*

VI.72 SPDs' turnover increased in both outright and repo segments, resulting in an increase in their overall share in the secondary market turnover (Table VI.21).

Table VI.21: Performance of SPDs in the G-secs Secondary Market

(Amount in ₹ crore)

Items	2021-22	2022-23	2023-24	H1:2024-25
1	2	3	4	5
Outright				
Turnover of SPDs	25,91,788	36,02,796	51,02,936	29,60,959
Market turnover	87,98,428	1,01,21,207	1,34,32,806	82,45,716
Share of SPDs (Per cent)	29.5	35.6	38.0	35.9
Repo				
Turnover of SPDs	95,60,700	1,32,57,623	1,87,85,160	99,25,332
Market turnover	2,55,25,641	3,40,48,195	3,83,50,154	1,95,81,992
Share of SPDs (Per cent)	37.5	38.9	49.0	50.7
Total (Outright + Repo)				
Turnover of SPDs	1,21,52,488	1,68,60,419	2,38,88,096	1,28,86,291
Market turnover	3,43,24,069	4,41,69,402	5,17,82,961	2,78,27,709
Share of SPDs (Per cent)	35.4	38.2	46.1	46.3

Notes: 1. Data are provisional.
2. Total Turnover for Market Participants / Standalone PDs includes Outright and Repo 1st Leg settlement volumes.

Source: CCIL.

Table VI.22: Sources and Application of SPDs' Funds

(Amount in ₹ crore)

	2021-22	2022-23	2023-24	H1:2024-25	Percentage variation 2023-24 over 2022-23
1	2	3	4	5	6
Sources of Funds	**86,670**	**1,25,165**	**1,58,667**	**1,59,108**	**26.8**
1. Capital	1,849	2,368	2,368	2,512	0.0
2. Reserves and surplus	7,426	9,724	11,243	12,738	15.6
3. Loans (a+b)*	77,394	1,13,074	1,45,057	1,43,857	28.3
(a) Secured	61,188	96,432	1,25,026	1,23,944	29.7
(b) Unsecured	16,207	16,643	20,031	19,913	20.4
Application of Funds	**86,670**	**1,25,165**	**1,58,667**	**1,59,108**	**26.8**
1. Fixed assets	70	91	104	100	14.3
2. HTM investments (a+b)	3,937	6,273	5,151	7,035	-17.9
(a) Government securities	3,755	6,082	4,904	6,781	-19.4
(b) Others	182	191	248	254	29.8
3. Current assets	79,861	1,18,397	1,54,122	1,51,329	30.2
4. Loans and advances	6,753	4,839	4,526	9,135	-6.5
5. Current liabilities	3,900	4,377	5,077	8,341	16.0
6. Deferred tax	-44	-48	-141	-133	193.8

Notes: 1. Data are provisional.
2. * Outstanding borrowing of SPDs.
Source: Returns submitted by SPDs.

5.3. Sources and Application of SPDs' Funds

VI.73 Funds mobilised by SPDs increased by 26.8 per cent in 2023-24, dominated by secured borrowings (78.8 per cent of total). Current assets (97.1 per cent of SPDs' assets) grew by 30.2 per cent during the year (Table VI.22).

5.4. Financial Performance of SPDs

VI.74 SPDs' profitability registered a significant improvement in 2023-24 on the back of higher interest and discount incomes. SPDs made trading profits in 2023-24 after registering losses in the previous two consecutive years (Table VI.23). Consequently, their return on

Table VI.23: Financial Performance of SPDs

(Amount in ₹ crore)

Items	2021-22	2022-23	2023-24	H1:2024-25	Variation 2023-24 over 2022-23	
					Amount	Per cent
1	2	3	4	5	6	7
A. Income (i to iii)	**4,030**	**5,382**	**10,270**	**6,221**	**4,888**	90.8
(i) Interest and discount	4,143	5,816	9,158	5,468	3,342	57.5
(ii) Trading profits	-224	-495	1,060	701	1,555	-314.1
(iii) Other income	112	61	52	51	-9	-14.8
B. Expenses (i to ii)	**2,625**	**5,074**	**8,422**	**4,949**	**3,348**	66.0
(i) Interest	2,238	4,664	7,897	4,666	3,233	69.3
(ii) Other expenses including establishment and administrative costs	386	410	524	282	115	28.0
C. Profit before tax	**1,254**	**485**	**2,237**	**1,751**	**1,752**	**361.6**
D. Profit after tax	**942**	**342**	**1,663**	**1,308**	**1,321**	**385.9**

Notes: 1. Data are provisional.
2. Figures may not add up due to rounding-off.
Source: Returns submitted by SPDs.

Table VI.24: SPDs' Financial Indicators

(Amount in ₹ crore)

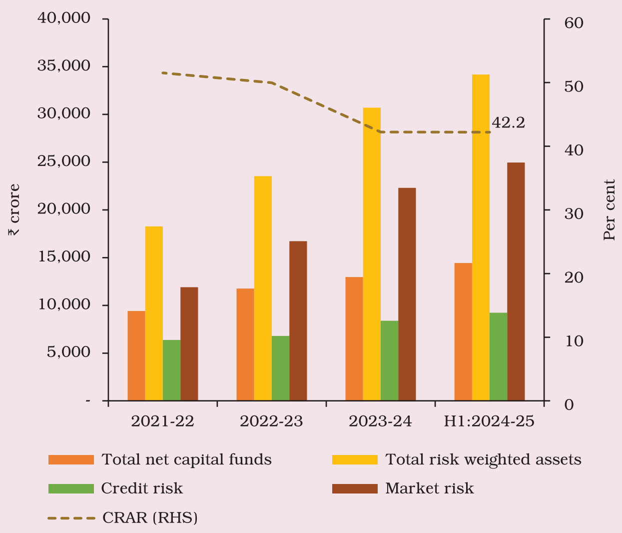
Indicators	2021-22	2022-23	2023-24	H1:2024-25
1	2	3	4	5
(i) Net profit	942	342	1,663	1,308
(ii) Average assets	79,068	1,01,642	1,40,388	1,58,257
(iii) Return on average assets (Per cent)	1.2	0.3	1.2	0.8
(iv) Return on net worth (Per cent)	10.5	3.2	12.9	9.1
(v) Cost to income ratio (Per cent)	21.6	57.1	22.1	18.2

Note: Data are provisional.
Source: Returns submitted by SPDs.

assets and return on net worth increased in 2023-24. In H1:2024-25, their return on assets and return on net worth declined, even though their cost-to-income ratio decreased (Table VI.24 and Appendix Table VI.9).

VI.75 The combined CRAR of SPDs declined to 42.2 per cent in 2023-24 from 50 per cent in 2022-23 on account of an increase in risk-weighted assets of SPDs. The CRAR of all the SPDs remained above the stipulated norm of 15 per cent (Chart VI.41 and Appendix Table VI.10).

Chart VI.41: Capital and Risk-weighted Asset Position of SPDs



Source: Returns submitted by SPDs.

6. Overall Assessment

VI.76 During 2023-24, the NBFC sector remained healthy, with sustained double digit balance sheet growth. The importance of NBFCs in domestic credit intermediation is rising. Innovative approaches like the first loss default guarantee (FLDG) framework and the co-lending model have the potential to help NBFCs in expanding their footprint. The HFCs also exhibited double-digit growth in credit, adjusted for the merger. Asset quality of NBFCs improved further across layers. The consolidated balance sheet of AIFIs grew at a marginally higher pace in 2023-24. All PDs exceeded their minimum bidding commitments in 2023-24 and individually achieved the minimum stipulated annual turnover ratio.

VI.77 Going forward, besides the challenges emanating from cybersecurity threats, NBFCs need to be mindful of the evolving concentration risk and climate-related financial risks associated with credit to certain sectors. The dependence of NBFCs on banks remain high, notwithstanding some moderation; NBFCs need to further diversify their sources of funds as a risk mitigation strategy. An imprudent 'growth at any cost' approach would be counter-productive, and a robust risk management framework should be implemented. Moreover, they need to strengthen their initiatives to address customer grievances, adhere to fair practices and avoid recourse to usurious interest rates so as to ensure their relevance in a fast-changing financial landscape.

Appendix Table IV.1: Indian Banking Sector at a Glance

(Amount in ₹ crore)

Sr. No	Items	Amount Outstanding (At end-March)		Percentage Variation	
		2023	2024*	2022-23	2023-24*
1	2	3	4	5	6
1	**Balance Sheet Operations**				
	1.1 Total Liabilities/assets	2,43,18,429	2,80,80,550	12.2	15.5
	1.2 Deposits	1,90,68,238	2,17,33,443	11.0	14.0
	1.3 Borrowings	19,57,241	25,40,474	17.7	29.8
	1.4 Loans and advances	1,43,19,353	1,71,42,340	17.4	19.7
	1.5 Investments	64,36,540	72,70,365	11.4	13.0
	1.6 Off-balance sheet exposure (as percentage of on-balance sheet liabilities)	144.8	138.6		
	1.7 Total consolidated international claims	6,65,899	6,32,852	-8.7	-5.0
2	**Profitability**				
	2.1 Net profit	2,63,214	3,49,603		
	2.2 Return on Asset (RoA) (Per cent)	1.2	1.2		
	2.3 Return on Equity (RoE) (Per cent)	12.3	13.4		
	2.4 Net Interest Margin (NIM) (Per cent)	3.7	3.3		
3	**Capital Adequacy**				
	3.1 Capital to risk weighted assets ratio (CRAR) @	17.2	16.9		
	3.2 Tier 1 capital (as percentage of total capital) @	86.8	87.8		
	3.3 CRAR (Tier 1) (Per cent) @	15.0	14.8		
4	**Asset Quality**				
	4.1 Gross NPAs	5,71,546	4,80,818	-23.1	-15.9
	4.2 Net NPAs	1,35,320	1,06,732	-33.7	-21.1
	4.3 Gross NPA ratio (Gross NPAs as percentage of gross advances)	3.9	2.8		
	4.4 Net NPA ratio (Net NPAs as percentage of net advances)	0.9	0.6		
	4.5 Provision Coverage Ratio (Per cent)**	74.9	76.6		
	4.6 Slippage ratio (Per cent)	1.8	1.5		
5	**Sectoral Deployment of Bank Credit**				
	5.1 Gross bank credit	1,36,75,235	1,64,32,164	15	20.2
	5.2 Agriculture	17,26,410	20,71,251	15.4	20.0
	5.3 Industry	33,66,406	36,52,804	5.8	8.5
	5.4 Services	37,18,805	45,92,227	19.5	23.5
	5.5 Personal loans	41,82,767	53,31,290	20.7	27.5
6	**Technological Development**				
	6.1 Total number of credit cards (in lakhs)	853	1,018	15.9	19.3
	6.2 Total number of debit cards (in lakhs)	9,613	9,649	4.8	0.4
	6.3 Number of ATMs and CRMs (in lakhs)	2.59	2.58	2.7	-0.3
7	**Customer Services**				
	7.1 Total number of complaints received during the year ^	2,34,690	2,93,924	-22.9	25.2
	7.2 Total number of complaints handled during the year ##	2,45,391	2,99,022	-22.7	21.9
	Of 7.2 Total number of complaints addressed/disposed during the year	2,40,453	2,84,355	-22.7	18.3
	Of 7.2 Percentage of complaints addressed/disposed during the year	98	95		
8	**Financial Inclusion**				
	8.1 Credit-deposit ratio (Per cent)	75.1	78.9		
	8.2 Number of new bank branches opened	5,308	5,379	63.1	1.3

Notes:
1. * : Provisional.
2. ** : Based on off-site returns.
3. @ : Figures are as per the Basel III framework.
4. ^ : Excludes complaints closed at CRPC and those auto closed at the CMS Portal.
5. ## : Complaints handled includes complaints received during the year and the complaints brought forward from previous year.
6. Table includes the impact of the merger of a non-bank with a bank.
7. Percentage variation could be slightly different as figures have been rounded off to lakh/crore.

Appendix Table IV.2: International Liabilities of Banks in India – By Type of Instruments

(Amount in ₹ crore)

Liability Type	Amount Outstanding (At end-March)		Percentage Variation	
	2023 (PR)	2024 (P)	2022-23	2023-24
1	2	3	4	5
1. Loans and Deposits	**12,96,066**	**15,69,186**	**7.5**	**21.1**
	(63.0)	**(63.8)**		
a) Foreign Currency Non-resident (Bank) [FCNR (B)] Scheme	1,35,725	1,98,611	28.5	46.3
	(6.6)	(8.1)		
b) Foreign Currency Borrowings*	96,587	1,59,151	18.4	64.8
	(4.7)	(6.5)		
c) Non-resident External Rupee (NRE) Accounts	7,64,751	8,12,252	2.1	6.2
	(37.2)	(33.0)		
d) Non-resident Ordinary (NRO) Rupee Accounts	1,64,786	2,28,483	16.7	38.7
	(8.0)	(9.3)		
2. Own Issues of Securities/ Bonds	**3,039**	**3,044**	**0.0**	**0.2**
	(0.1)	**(0.1)**		
3. Other liabilities	**6,87,171**	**8,24,875**	**19.6**	**20.0**
	(33.4)	**(33.6)**		
Of which:				
a) ADRs/GDRs	1,18,681	1,50,363	28.6	26.7
	(5.8)	(6.1)		
b) Equities of Banks	3,86,776	4,72,007	20.0	22.0
Held by Non-residents	(18.8)	(19.2)		
c) Capital / Remittable Profits of Foreign Banks in India and Other Unclassified International Liabilities	1,81,714	2,02,504	13.6	11.4
	(8.8)	(8.2)		
4. Negative MTM Derivatives	**69,873**	**60,718**		**-13.1**
	(3.4)	**(2.5)**		
Total International Liabilities	**20,56,148**	**24,57,823**	**15.3**	**19.5**
	(100.0)	**(100.0)**		

Notes: 1. PR: Partially Revised; P: Provisional.
2. *: Inter-bank borrowings in India and from abroad and external commercial borrowings of banks.
3. Figures in parentheses are percentages to total.
4. Percentage variation could be slightly different as absolute numbers have been rounded off to ₹ crore.
5. Based on the latest BIS guidelines, MTM derivatives have been introduced in this statement from September 2022 quarter.

Source: International Banking Statistics, RBI.

Appendix Table IV.3: International Assets of Banks in India - By Type of Instruments

(Amount in ₹ crore)

Asset Type	Amount Outstanding (At end-March)		Percentage Variation	
	2023 (PR)	2024 (P)	2022-23	2023-24
1	2	3	4	5
1. Loans and Deposits	**5,52,425**	**4,39,804**	**-18.6**	**-20.4**
	(83.0)	**(86.3)**		
Of which:				
(a) Loans to Non-residents	1,33,070	97,450	-5.4	-26.8
	(20.0)	(19.1)		
(b) Foreign Currency Loan to Residents	1,08,304	1,21,229	-19.4	11.9
	(16.3)	(23.8)		
(c) Outstanding Export Bills	34,225	29,228	-35.7	-14.6
	(5.1)	(5.7)		
(d) Foreign Currency in hand, Travellers Cheques, etc.	743	858	117.5	15.5
	(0.1)	(0.2)		
(e) NOSTRO Balances and Placements Abroad	2,76,083	1,91,039	-21.2	-30.8
	(41.5)	(37.5)		
2. Holdings of Debt Securities	**44,632**	**11,816**	**-37.4**	**-73.5**
	(6.7)	**(2.3)**		
3. Other International Assets	**21,165**	**13,865**	**32.9**	**-34.5**
	(3.2)	**(2.7)**		
4. Positive MTM Derivative	**47,448**	**43,890**		**-7.5**
	(7.1)	**(8.6)**		
Total International Assets*	**6,65,669**	**5,09,375**	**-13.1**	**-23.5**
	(100.0)	**(100.0)**		

Notes: 1. * : In view of the incomplete data coverage from all the branches, the data reported under the locational banking statistics (LBS) are not strictly comparable with those capturing data from all the branches.

2. PR: Partially Revised; P: Provisional.
3. The sum of components may not add up due to rounding off.
4. Figures in parentheses are percentage to total.
5. Based on the latest BIS guidelines, MTM derivatives have been introduced in this statement from September 2022 quarter.

Source: International Banking Statistics, RBI.

Appendix Table IV.4: Consolidated International Claims of Banks on Countries other than India

(Amount in ₹ crore)

Country	Amount Outstanding (At end-March)		Percentage Variation	
	2023 (PR)	2024 (P)	2022-23	2023-24
1	2	3	4	5
Total Consolidated International Claims	**6,65,899**	**6,32,852**	**-8.7**	**-5.0**
Of which				
1. United States of America	2,29,016	1,86,677	-6.9	-18.5
	(34.4)	(29.5)		
2. United Kingdom	66,094	67,944	-26.4	2.8
	(9.9)	(10.7)		
3. Hong Kong	20,468	24,972	-31.9	22.0
	(3.1)	(3.9)		
4. Singapore	46,424	48,363	11.2	4.2
	(7.0)	(7.6)		
5. United Arab Emirates	85,841	75,242	-4.1	-12.3
	(12.9)	(11.9)		
6. Germany	16,734	20,044	-46.2	19.8
	(2.5)	(3.2)		

Notes: 1. PR: Partially Revised; P: Provisional.

2. Figures in parentheses are percentages to total.

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

Source: International Banking Statistics, RBI.

Table IV.5: Consolidated International Claims of Banks: Residual Maturity and Sector

(Amount in ₹ crore)

Residual Maturity/Sector	Amount Outstanding (At end-March)		Percentage Variation	
	2023 (PR)	2024 (P)	2022-23	2023-24
1	2	3	4	5
Total Consolidated International Claims	**6,65,899**	**6,32,852**	**-8.7**	**-5.0**
	(100.0)	**(100.0)**		
Residual Maturity				
Short Term	5,17,959	5,28,829	-12.1	2.1
	(77.8)	(83.6)		
Long Term	1,42,515	1,01,514	5.6	-28.8
	(21.4)	(16.0)		
Unallocated	5,425	2,509	13.7	-53.8
	(0.8)	(0.4)		
Sector				
Banks	3,10,972	2,64,100	-24.4	-15.1
	(46.7)	(41.7)		
Official Sector	49,733	46,513	-3.1	-6.5
	(7.5)	(7.3)		
Non-Bank Financial Institutions	1,837	2,457	-40.4	33.8
	(0.3)	(0.4)		
Non-Financial Private	2,44,717	2,97,151	11.0	21.4
	(36.7)	(47.0)		
Others	58,640	22,631	36.8	-61.4
	(8.8)	(3.6)		

Notes:
1. PR: Partially Revised; P: Provisional.
2. Figures in parentheses are percentages to total.
3. The sum of components may not add up due to rounding off.
4. Residual Maturity 'Unallocated' comprises maturity not applicable (for example, for equities) and maturity information not available.
5. The official sector includes official monetary authorities, general government and multilateral agencies.
6. Non-financial private sector includes non-financial corporations and households including non-profit institutions serving households (NPISHs).
7. Others include non-financial public sector undertakings and the unallocated sector.
8. Percentage variation could be slightly different as absolute numbers have been rounded off to ₹ crore.

Source: International Banking Statistics, RBI.

Appendix Table IV.6: Off-Balance Sheet Exposure of Scheduled Commercial Banks in India

(Amount in ₹ crore)

Item	PUBLIC SECTOR BANKS		PRIVATE SECTOR BANKS		FOREIGN BANKS		SMALL FINANCE BANKS		PAYMENTS BANKS		ALL SCHEDULED COMMERCIAL BANKS	
	2024	Percent Variation	2024	Percent Variation	2024	Percent Variation	2024	Percent Variation	2024	Percent Variation	2024	Percent Variation
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Forward exchange contract@	32,62,522	-6.6	1,15,28,125	20.0	1,88,62,772	5.8	5.0	-	0	-	3,36,53,424	8.8
	(21.1)		(109.6)		(1105.7)		(0.0)				(119.8)	
2. Guarantees given	6,31,279	6.4	6,68,833	20.3	2,09,110	8.5	3,627	34.7	0	-	15,12,849	12.5
	(4.1)		(6.4)		(12.3)		(1.1)				(5.4)	
3. Acceptances, endorsements, etc.	12,57,758	21.5	6,11,646	31.9	18,94,524	30.8	2,394	69.3	390	38.3	37,66,711	27.8
	(8.1)		(5.8)		(111.1)		(0.7)		(1.6)		(13.4)	
Contingent Liabilities	**51,51,558**	**0.6**	**1,28,08,605**	**20.6**	**2,09,66,406**	**7.7**	**6,026**	**46.7**	**390**	**38.3**	**3,89,32,984**	**10.5**
	(33.3)		**(121.7)**		**(1229.0)**		**(1.8)**		**(1.6)**		**(138.6)**	

Notes: 1. -: Nil/Negligible.

2. @: Includes all derivative products (including interest rate swaps) as admissible.

3. Figures in brackets are percentages to total liabilities of the concerned bank-group.

Source: Annual accounts of respective banks.

Appendix Table IV.7: Frauds in Various Banking Operations Based on Date of Reporting *(Continued)*

(Amount in ₹ crore)

Bank Group	2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		2010-11	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Advances	1,564	672	1,525	1,162	1,734	1,055	1,750	721	1,976	1,388	2,190	1,263	2,382	2,740
Card/Internet	26	3	144	6	491	11	679	15	1,036	37	1,215	35	763	21
Deposits	374	28	325	28	384	49	458	79	599	66	666	195	790	583
Off-balance sheet	6	33	7	25	4	4	6	8	9	22	10	370	10	212
Foreign exchange transactions	16	14	10	30	28	7	25	30	15	14	16	28	19	148
Cash	75	4	89	16	87	7	99	5	141	36	143	14	154	21
Cheques/demand drafts, etc.	108	15	110	9	141	10	192	17	234	15	202	17	184	27
Inter-branch accounts	31	6	36	7	18	1	22	3	16	5	18	2	10	1
Clearing, etc accounts	20	2	23	4	35	12	30	9	52	45	51	7	34	11
Non-resident accounts	11	2	9	0	17	1	9	4	26	2	13	2	9	2
Others	204	16	148	29	88	51	97	26	146	39	146	64	179	56
Grand Total	**2,435**	**795**	**2,426**	**1,316**	**3,027**	**1,208**	**3,367**	**917**	**4,250**	**1,669**	**4,670**	**1,997**	**4,534**	**3,822**

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. 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.

Appendix Table IV.7: Frauds in Various Banking Operations Based on Date of Reporting *(Continued)*

(Amount in ₹ crore)

Bank Group	2011-12		2012-13		2013-14		2014-15		2015-16		2016-17		2017-18	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Advances	1,953	3,552	2,087	6,530	1,984	7,949	2,254	16,924	2,116	17,180	2,313	20,196	2,520	22,388
Card/Internet	629	23	793	49	978	54	845	52	1,191	40	1,372	42	2,058	102
Deposits	857	219	791	291	774	331	875	437	759	809	693	903	691	457
Off-balance sheet	5	373	18	1,527	15	1,088	10	699	4	132	5	63	20	16,288
Foreign exchange transactions	22	130	10	98	9	144	16	899	16	31	16	2,201	9	1,426
Cash	173	20	140	23	145	24	153	43	160	22	239	37	218	40
Cheques/demand drafts, etc.	172	40	141	22	180	19	254	26	234	25	235	40	207	34
Inter-branch accounts	24	8	6	3	7	1	4	0	4	10	1	0	6	1
Clearing, etc accounts	38	31	36	7	36	24	29	7	17	87	27	6	37	6
Non-resident accounts	11	3	17	3	38	10	23	8	8	9	10	3	6	6
Others	207	98	197	112	135	64	179	162	176	146	153	77	138	242
Grand Total	**4,091**	**4,497**	**4,236**	**8,665**	**4,301**	**9,708**	**4,642**	**19,257**	**4,685**	**18,491**	**5,064**	**23,568**	**5,910**	**40,990**

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. 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.

Appendix Table IV.7: Frauds in Various Banking Operations Based on Date of Reporting *(Concluded)*

(Amount in ₹ crore)

Bank Group	2018-19		2019-20		2020-21		2021-22		2022-23		2023-24		2024-25 (till Sep. 2024)	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Advances	3,556	53,069	4,455	1,56,466	3,364	1,12,681	3,745	41,485	4,063	22,421	4,124	11,017	3,531	19,748
Card/Internet	1,866	71	2,677	129	2,545	119	3,596	155	6,699	277	29,082	1,457	13,133	514
Deposits	593	148	530	616	503	434	471	493	652	258	2,002	240	934	363
Off-balance sheet	27	5,250	29	2,279	23	535	21	1,077	14	285	11	256	0	0
Foreign exchange transactions	13	695	8	54	4	129	7	7	13	12	19	38	6	1
Cash	274	56	371	63	329	39	649	93	1,485	159	484	78	205	18
Cheques/demand drafts, etc.	189	34	201	39	163	84	201	158	118	25	127	42	49	54
Inter-branch accounts	3	0	2	0	2	0	3	2	3	0	29	10	3	1
Clearing, etc accounts	24	209	22	7	14	4	16	1	18	3	17	2	3	1
Non-resident accounts	3	0	8	1	1	0	1	2	2	1	6	2	1	0
Others	197	244	242	172	277	54	299	98	470	422	165	33	596	667
Grand Total	**6,745**	**59,776**	**8,545**	**1,59,826**	**7,225**	**1,14,079**	**9,009**	**43,571**	**13,537**	**23,863**	**36,066**	**13,175**	**18,461**	**21,367**

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. 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.

Appendix Table IV.8: Kisan Credit Card Scheme: State-wise Progress *(Continued)*

(Amount in ₹ crore and number of cards issued in '000)

Sr. No.	State/UT	Co-operative Banks				Regional Rural Banks			
		Number of Operative KCCs		Amount outstanding under Operative KCCs		Number of Operative KCCs		Amount outstanding under Operative KCCs	
		2023	2024	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8	9	10
	Northern Region	**5,423**	**5,564**	**35,431**	**37,387**	**1,492**	**1,556**	**37,304**	**40,101**
1	Haryana	1,155	1,154	12,300	13,063	297	307	8,302	9,054
2	Himachal Pradesh	118	134	2,062	2,302	83	92	1,281	1,425
3	Jammu & Kashmir	7	7	62	63	126	134	1,068	1,152
4	Ladakh	0	0	0	0	0	0	0	0
5	New Delhi	0	0	1	0	0	0	0	0
6	Punjab	940	910	7,194	6,645	158	160	6,100	6,582
7	Rajasthan	3,204	3,358	13,811	15,314	828	863	20,553	21,889
8	Chandigarh	0	0	0	0	0	0	0	0
	North-Eastern Region	**72**	**63**	**157**	**212**	**460**	**445**	**2,174**	**2,350**
9	Assam	1	1	21	19	287	281	1,485	1,623
10	Arunachal Pradesh	1	1	7	7	3	2	22	16
11	Meghalaya	16	12	32	49	35	39	201	237
12	Mizoram	1	1	7	11	21	21	243	268
13	Manipur	3	3	16	18	10	10	44	48
14	Nagaland	4	4	22	22	1	1	2	1
15	Tripura	44	37	43	73	105	90	178	157
16	Sikkim	2	2	8	11	0	0	0	0
	Western Region	**4,571**	**4,600**	**38,860**	**43,810**	**1,184**	**1,264**	**15,358**	**17,834**
17	Gujarat	993	999	14,810	16,106	453	502	8,426	10,192
18	Maharashtra	3,576	3,598	24,031	27,674	731	762	6,931	7,642
19	Goa	2	2	19	30	0	0	0	0
20	Dadar & Nagar Haveli & Daman & Diu	0	0	0	0	0	0	0	0
	Central Region	**8,371**	**8,685**	**38,195**	**36,877**	**4,325**	**4,519**	**55,978**	**62,662**
21	Uttar Pradesh	2,727	2,673	9,070	8,964	3,677	3,851	46,843	52,694
22	Uttarakhand	289	305	1,750	1,297	28	30	199	219
23	Madhya Pradesh	3,865	4,008	23,146	23,946	452	464	7,577	8,041
24	Chhattisgarh	1,491	1,700	4,229	2,671	168	174	1,358	1,708
	Southern Region	**8,016**	**8,939**	**57,830**	**64,540**	**3,770**	**4,082**	**49,446**	**56,259**
25	Karnataka	3,003	3,673	20,888	24,751	757	839	13,364	16,152
26	Kerala	705	485	5,832	4,554	480	541	8,097	9,597
27	Andhra Pradesh	1,477	1,682	12,925	13,733	951	972	11,826	12,138
28	Tamil Nadu	1,904	2,201	12,889	16,030	80	160	1,420	3,124
29	Telangana	926	897	5,297	5,470	1,502	1,568	14,724	15,233
30	Lakshdweep	0	0	0	0	0	0	0	0
31	Puducherry	0	0	0	1	1	2	14	15
	Eastern Region	**4,935**	**5,067**	**18,963**	**24,852**	**2,636**	**2,652**	**17,739**	**18,546**
32	Odisha	2,939	3,358	13,475	19,624	436	447	2,575	2,737
33	West Bengal	1,727	1,477	4,970	4,755	417	410	2,085	2,199
34	Andaman and Nicobar Islands	7	8	18	19	0	0	0	0
35	Bihar	246	209	452	401	1,405	1,420	10,684	11,133
36	Jharkhand	16	16	49	54	378	374	2,396	2,477
	Total	**31,389**	**32,917**	**1,89,436**	**2,07,678**	**13,868**	**14,517**	**1,77,999**	**1,97,753**

Note: *: Data are Provisional.

Source: NABARD/Returns from Scheduled Commercial Banks (excluding RRBs).

Appendix Table IV.8: Kisan Credit Card Scheme: State-wise Progress *(Concluded)*

(Amount in ₹ crore and number of cards issued in '000)

Sr. No.	State/UT	Scheduled Commercial Banks (excluding RRBs)				Total			
		Number of Operative KCCs		Amount outstanding under Operative KCCs		Number of Operative KCCs		Amount outstanding under Operative KCCs	
		2023	2024*	2023	2024*	2023	2024*	2023	2024*
1	2	11	12	13	14	15	16	17	18
	Northern Region	**5,511**	**5,925**	**1,47,046**	**1,59,797**	**12,426**	**13,045**	**2,19,780**	**2,37,286**
1	Haryana	835	901	29,440	31,883	2,287	2,362	50,042	54,000
2	Himachal Pradesh	257	277	4,666	5,345	458	503	8,009	9,072
3	Jammu & Kashmir	778	926	5,233	5,759	911	1,067	6,363	6,974
4	Ladakh	28	28	258	268	28	28	258	268
5	New Delhi	3	3	43	43	3	3	44	43
6	Punjab	1,100	1,164	42,129	44,604	2,198	2,235	55,423	57,830
7	Rajasthan	2,508	2,624	65,178	71,770	6,540	6,846	99,543	1,08,973
8	Chandigarh	1	2	99	126	1	2	99	126
	North-Eastern Region	**530**	**542**	**3,450**	**4,056**	**1,063**	**1,050**	**5,781**	**6,618**
9	Assam	400	389	2,612	2,973	688	671	4,119	4,615
10	Arunachal Pradesh	6	16	52	172	10	18	81	195
11	Meghalaya	21	26	127	181	72	77	360	467
12	Mizoram	14	18	64	94	35	40	315	373
13	Manipur	7	6	106	92	20	20	165	159
14	Nagaland	25	27	155	168	30	32	179	192
15	Tripura	50	53	286	326	199	181	507	556
16	Sikkim	7	8	49	50	9	10	56	62
	Western Region	**4,450**	**4,505**	**78,634**	**87,715**	**10,205**	**10,368**	**1,32,851**	**1,49,359**
17	Gujarat	1,572	1,637	39,137	44,835	3,018	3,137	62,373	71,132
18	Maharashtra	2,868	2,857	39,366	42,702	7,175	7,218	70,329	78,018
19	Goa	8	9	91	138	9	12	109	169
20	Dadar & Nagar Haveli & Daman & Diu	2	2	40	40	2	2	40	40
	Central Region	**6,701**	**6,917**	**1,29,155**	**1,40,667**	**19,398**	**20,121**	**2,23,328**	**2,40,205**
21	Uttar Pradesh	4,302	4,394	72,202	76,963	10,705	10,917	1,28,115	1,38,621
22	Uttarakhand	191	222	4,417	4,964	509	557	6,365	6,479
23	Madhya Pradesh	1,950	2,029	47,369	52,537	6,267	6,500	78,092	84,523
24	Chhattisgarh	258	272	5,168	6,203	1,917	2,147	10,756	10,582
	Southern Region	**8,013**	**8,488**	**1,38,002**	**1,56,799**	**19,799**	**21,509**	**2,45,279**	**2,77,598**
25	Karnataka	961	987	19,908	21,891	4,720	5,499	54,161	62,794
26	Kerala	1,409	1,566	29,472	34,885	2,594	2,592	43,401	49,036
27	Andhra Pradesh	2,124	2,200	36,129	39,583	4,552	4,853	60,879	65,455
28	Tamil Nadu	1,596	1,671	27,823	32,959	3,580	4,032	42,132	52,112
29	Telangana	1,910	2,044	24,384	27,083	4,337	4,509	44,405	47,786
30	Lakshdweep	2	3	15	22	2	3	15	22
31	Puducherry	12	18	272	376	13	20	286	392
	Eastern Region	**3,085**	**3,438**	**22,198**	**25,940**	**10,657**	**11,157**	**58,901**	**69,338**
32	Odisha	596	660	5,694	6,736	3,971	4,466	21,744	29,097
33	West Bengal	988	1,118	7,477	8,902	3,132	3,005	14,531	15,856
34	Andaman and Nicobar Islands	2	1	20	5	9	8	38	23
35	Bihar	926	1,053	6,251	7,267	2,577	2,683	17,388	18,801
36	Jharkhand	574	606	2,755	3,029	968	996	5,200	5,560
	Total	**28,290**	**29,814**	**5,18,485**	**5,74,974**	**73,547**	**77,249**	**8,85,921**	**9,80,404**

Note: *: Data are Provisional.

Source: NABARD/Returns from Scheduled Commercial Banks (excluding RRBs).

Appendix Table IV.9: Bank Group-wise Lending to the Sensitive Sectors

(Amount in ₹ crore)

Sector	Public Sector Banks		Private Sector Banks		Foreign Banks		Small Finance Banks		Scheduled Commercial Banks*	
	2023-24	Percent Variation	2023-24	Percent Variation	2023-24	Percent Variation	2023-24	Percent Variation	2023-24	Percent Variation
1	2	3	4	5	6	7	8	9	10	11
1. Capital Market #	68,088 (0.7)	25.8	1,61,162 (2.3)	36.4	13,587 (2.5)	8.4	482 (0.2)	9.3	2,43,321 (1.4)	31.3
2. Real Estate @	20,30,270 (21.4)	16.4	22,17,737 (32.3)	61.4	1,26,363 (23.0)	-7.1	45,129 (20.0)	22.4	44,19,498 (25.8)	34.3
3. Commodities	-	-	-	-	-	-	-	-	-	-
Total Advances to Sensitive Sectors	**20,98,358 (22.1)**	**16.6**	**23,78,899 (34.7)**	**59.5**	**1,39,949 (25.5)**	**-5.8**	**45,611 (20.2)**	**22.2**	**46,62,820 (27.2)**	**34.1**

Notes:
1. Figures in brackets are percentages to total loans and advances of the concerned bank-group.
2. -: Nil/Negligible.
3. #: Exposure to capital market is inclusive of both investments and advances.
4. *: Inclusive of Payments Banks
5. @: Exposure to real estate sector is inclusive of both direct and indirect lending.

Source: Annual accounts of respective banks.

Appendix Table IV.10: Shareholding Pattern of Domestic Scheduled Commercial Banks *(Continued)*

(At end-March 2024)

Sr. No.	Name of Bank	Government & RBI	Financial Institution (including mutual funds)		Other Corporates		Individuals		Total	
		Resident	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident
1	2	3	4	5	6	7	8	9	10	11
	Public Sector Banks									
1	Bank of Baroda	64.0	8.6	0.0	8.2	12.4	6.5	0.4	87.2	12.8
2	Bank of India	73.4	15.8	4.5	0.5	0.0	5.6	0.2	95.3	4.7
3	Bank of Maharashtra	86.5	4.7	1.0	0.4	0.0	7.2	0.2	98.8	1.3
4	Canara Bank	62.9	14.4	10.6	1.2	0.0	10.7	0.2	89.2	10.8
5	Central Bank of India	93.1	2.8	0.2	0.2	0.0	3.7	0.1	99.8	0.2
6	Indian Bank	73.8	17.0	0.0	0.4	5.3	3.4	0.1	94.6	5.4
7	Indian Overseas Bank	96.4	1.3	0.1	0.1	0.0	2.2	0.1	99.9	0.1
8	Punjab and Sind Bank	98.3	0.7	0.0	0.1	0.0	1.0	0.0	100.0	0.1
9	Punjab National Bank	73.2	12.4	4.8	0.5	0.0	8.9	0.2	95.0	5.1
10	State Bank of India	56.9	23.7	11.0	0.7	1.1	6.3	0.3	87.7	12.3
11	UCO Bank	95.4	1.3	0.0	0.2	0.0	3.0	0.1	99.9	0.1
12	Union Bank of India	74.8	3.8	6.8	9.1	0.0	5.6	0.0	93.3	6.8

Note: Total may not add up to 100 due to rounding off.

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

Appendix Table IV.10: Shareholding Pattern of Domestic Scheduled Commercial Banks *(Continued)*

(At end-March 2024)

Sr. No.	Name of Bank	Government & RBI	Financial Institution (including mutual funds)		Other Corporates		Individuals		Total	
		Resident	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident
1	2	3	4	5	6	7	8	9	10	11
	Private Sector Bank									
1	Axis Bank Ltd.	0.0	37.0	55.4	1.1	1.1	5.1	0.3	43.2	56.8
2	Bandhan Bank Ltd.	0.1	12.4	31.2	41.5	0.0	14.3	0.5	68.3	31.7
3	City Union Bank	0.0	29.1	27.0	3.1	0.0	39.7	1.2	71.9	28.1
4	Catholic Syrian Bank Ltd.	0.0	14.2	0.0	7.2	55.0	16.6	6.9	38.1	61.9
5	DCB Bank Ltd.	0.0	28.0	0.0	8.0	27.0	36.0	1.0	72.0	28.0
6	Dhanalakshmi Bank Ltd.	0.5	0.1	0.0	6.9	6.1	67.4	19.0	74.9	25.1
7	Federal Bank Ltd.	0.0	44.5	33.4	2.8	0.0	19.4	0.0	66.6	33.4
8	HDFC Bank Ltd.	0.1	29.4	55.3	1.9	0.0	13.0	0.3	44.5	55.5
9	ICICI Bank Ltd.	0.2	26.1	55.7	11.4	0.0	6.3	0.2	44.1	55.9
10	IDBI Ltd.	45.5	49.4	0.0	0.5	0.0	4.0	0.6	99.4	0.6
11	IDFC Bank Ltd.	3.7	44.2	21.4	1.6	2.3	25.3	1.5	74.8	25.2
12	IndusInd Bank Ltd.	0.0	24.5	45.0	6.2	15.9	7.7	0.7	38.4	61.6
13	Jammu and Kashmir Bank Ltd.	59.4	8.2	7.0	0.0	0.0	23.6	1.9	91.2	8.8
14	Karnataka Bank Ltd.	0.0	23.1	0.0	3.7	18.9	52.4	2.0	79.1	20.9
15	Karur Vysya Bank Ltd.	0.0	34.2	0.0	4.3	15.4	45.0	1.1	83.6	16.4
16	Kotak Mahindra Bank Ltd.	0.0	22.0	37.6	3.4	1.3	35.3	0.5	60.6	39.4
17	Nainital Bank Ltd.	0.0	98.6	0.0	0.0	0.0	1.4	0.0	100.0	0.0
18	RBL Bank Ltd.	0.4	19.0	0.0	12.8	33.7	32.4	1.6	64.7	35.3
19	South Indian Bank Ltd.	0.0	2.0	0.0	8.5	15.2	66.4	8.0	76.8	23.2
20	Tamilnad Mercantile Bank Ltd.	0.0	0.4	3.5	9.0	22.4	63.2	1.5	72.6	27.4
21	Yes Bank Ltd.	0.0	41.7	22.0	1.9	0.0	34.3	0.0	78.0	22.0

Note: Total may not add up to 100 due to rounding off.

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

Appendix Table IV.10: Shareholding Pattern of Domestic Scheduled Commercial Banks *(Concluded)*

(At end-March 2024)

Sr. No.	Name of Bank	Government & RBI	Financial Institution (including mutual funds)		Other Corporates		Individuals		Total	
		Resident	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident
1	2	3	4	5	6	7	8	9	10	11
	Small Finance Banks									
1	AU Small Finance Bank	0.0	14.5	36.4	11.9	3.0	34.0	0.2	60.4	39.6
2	Capital Small Finance Bank	0.1	19.1	1.4	15.4	0.0	48.0	16.0	82.6	17.4
3	Equitas Small Finance Bank	0.0	45.2	2.9	22.6	0.0	28.1	1.3	95.9	4.1
4	ESAF Small Finance Bank	0.0	56.6	0.0	17.4	0.8	17.2	8.0	91.2	8.9
5	Fincare Small Finance Bank	0.0	81.3	9.3	7.2	0.0	2.1	0.0	90.7	9.3
6	Jana Small Finance Bank	0.0	1.2	17.7	36.0	27.9	17.0	0.2	54.2	45.8
7	North East Small Finance Bank	0.0	4.2	2.1	92.7	0.0	1.0	0.0	97.9	2.1
8	Shivalik Small Finance Bank	0.0	0.9	0.0	6.3	21.8	70.7	0.3	78.0	22.0
9	Suryoday Small Finance Bank	0.0	11.4	0.0	10.0	22.2	55.8	0.6	77.2	22.8
10	Ujjivan Small Finance Bank	0.0	2.3	0.0	74.1	3.5	19.5	0.6	95.9	4.1
11	Unity Small Finance Bank	0.0	51.0	0.0	49.0	0.0	0.0	0.0	100.0	0.0
12	Utkarsh Small Finance Bank	0.0	8.7	0.0	71.2	8.6	11.3	0.3	91.2	8.8
	Local Area Banks									
1	Coastal Local Area Bank Ltd.	0.0	0.0	0.0	21.4	0.0	51.5	27.1	72.9	27.1
2	Krishna Bhima Samruddhi LAB Ltd.	0.0	0.0	0.0	20.3	0.0	79.7	0.0	100.0	0.0

Note: Total may not add up to 100 due to rounding off.

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

Appendix Table IV.11: Overseas Operations of Indian Banks

(At end-March)

Sr. No.	Name of the Bank	Branch		Subsidiary		Representative Office		Joint Venture Bank		Other Offices*		Total	
		2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
1	2	3	4	5	6	7	8	9	10	11	12	13	14
I.	**Public Sector Banks (Total)**	**100**	**99**	**22**	**22**	**11**	**11**	**6**	**6**	**31**	**33**	**170**	**171**
1	Bank of Baroda	29	28	7	7	0	0	2	2	10	10	48	47
2	Bank of India	21	21	4	4	1	1	0	0	0	0	26	26
3	Canara Bank	3	3	1	1	1	1	0	0	0	0	5	5
4	Indian Bank	3	3	0	0	0	0	0	0	0	0	3	3
5	Indian Overseas Bank	4	4	0	0	0	0	0	0	0	0	4	4
6	Punjab National Bank	1	1	2	2	2	2	2	2	0	0	7	7
7	State Bank of India	34	35	7	7	6	6	2	2	21	23	70	73
8	UCO Bank	2	2	0	0	1	1	0	0	0	0	3	3
9	Union Bank of India	3	2	1	1	0	0	0	0	0	0	4	3
II	**Private Sector Bank (Total)**	**13**	**13**	**3**	**3**	**25**	**25**	**0**	**0**	**2**	**2**	**43**	**43**
10	Axis Bank Ltd.	2	2	1	1	4	4	0	0	0	0	7	7
11	HDFC Bank Ltd.	3	3	0	0	3	3	0	0	0	0	6	6
12	ICICI Bank Ltd.	6	6	2	2	10	10	0	0	2	2	20	20
13	IDBI Bank Ltd.	1	1	0	0	0	0	0	0	0	0	1	1
14	IndusInd Bank Ltd.	0	0	0	0	3	3	0	0	0	0	3	3
15	Federal Bank Ltd.	0	0	0	0	2	2	0	0	0	0	2	2
16	Kotak Mahindra Bank Ltd.	1	1	0	0	1	1	0	0	0	0	2	2
17	Yes Bank Ltd.	0	0	0	0	1	1	0	0	0	0	1	1
18	South Indian Bank Ltd.	0	0	0	0	1	1	0	0	0	0	1	1
	All Banks	**113**	**112**	**25**	**25**	**36**	**36**	**6**	**6**	**33**	**35**	**213**	**214**

Note: * Other Offices include marketing/sub-office, remittance centres, etc.

Source: RBI.

Appendix Table IV.12: Branches and ATMs of Scheduled Commercial Banks *(Continued)*

(At end-March 2024)

Sr. No.	Name of the Bank	Branches					ATMs and CRMs		
		Rural	Semi-urban	Urban	Metropolitan	Total	On-site	Off-site	Total
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
	Public Sector Banks	**29,208**	**23,463**	**16,119**	**16,069**	**84,859**	**77,033**	**57,661**	**1,34,694**
1	Bank of Baroda	2,874	2,087	1,481	1,784	8,226	8,417	2,634	11,051
2	Bank of India	1,868	1,464	823	932	5,087	5,329	2,900	8,229
3	Bank of Maharashtra	612	719	547	608	2,486	1,865	36	1,901
4	Canara Bank	3,103	2,750	1,901	1,844	9,598	8,198	3,958	12,156
5	Central Bank of India	1,604	1,335	770	794	4,503	2,857	1,144	4,001
6	Indian Bank	1,984	1,526	1,174	1,160	5,844	4,336	601	4,937
7	Indian Overseas Bank	908	964	656	690	3,218	2,774	731	3,505
8	Punjab and Sind Bank	582	294	370	318	1,564	1,009	26	1,035
9	Punjab National Bank	3,925	2,481	1,997	1,724	10,127	7,794	4,337	12,131
10	State Bank of India	8,091	6,531	4,048	3,863	22,533	24,513	39,067	63,580
11	UCO Bank	1,113	872	639	592	3,216	2,249	228	2,477
12	Union Bank of India	2,544	2,440	1,713	1,760	8,457	7,692	1,999	9,691

Notes: 1. Population groups are defined as follows: 'Rural' includes centers with population of less than 10,000. 'Semi-urban' includes centers with population of 10,000 and above but less than of one lakh. 'Urban' includes centers with population of one lakh and above but less than of ten lakh, and 'Metropolitan' includes centers with population of 10 lakh and above. All population figures are as per census 2011.

2. Data on branches exclude 'Administrative Offices'.

Source: Central Information System for Banking Infrastructure (erstwhile Master Office File System) database, RBI.

Appendix Table IV.12: Branches and ATMs of Scheduled Commercial Banks *(Continued)*

(At end-March 2024)

Sr. No.	Name of the Bank	Branches					ATMs and CRMs		
		Rural	Semi-urban	Urban	Metropolitan	Total	On-site	Off-site	Total
1	2	3	4	5	6	7	8	9	10
	Private Sector Bank	**8,924**	**14,088**	**9,593**	**12,086**	**44,691**	**45,438**	**34,446**	**79,884**
1	Axis Bank Ltd	923	1,564	1,291	1,742	5,520	6,244	9,760	16,004
2	Bandhan Bank Ltd	2,100	2,352	1,152	693	6,297	433	5	438
3	Catholic Syrian Bank Ltd.	66	367	156	193	782	683	48	731
4	City Union Bank	152	281	173	189	795	1,140	537	1,677
5	DCB Bank Ltd.	82	111	123	126	442	413	5	418
6	Dhanalakshmi Bank Ltd.	20	112	71	58	261	239	41	280
7	Federal Bank Ltd.	215	739	288	261	1,503	1,678	335	2,013
8	HDFC Bank Ltd.	1,547	3,019	1,759	2,405	8,730	11,649	9,289	20,938
9	ICICI Bank Ltd.	1,361	1,809	1,306	1,913	6,389	9,994	7,189	17,183
10	IDBI Ltd	432	631	480	460	2,003	2,317	986	3,303
11	IDFC Bank Ltd.	60	268	400	477	1,205	853	311	1,164
12	IndusInd Bank Ltd.	305	657	748	850	2,560	1,820	1,136	2,956
13	Jammu and Kashmir Bank	537	178	108	175	998	943	626	1,569
14	Karnataka Bank Ltd	217	213	236	253	919	916	579	1,495
15	Karur Vysya Bank Ltd.	137	331	165	250	883	1,463	799	2,262
16	Kotak Mahindra Bank Ltd.	325	307	425	889	1,946	1,766	1,525	3,291
17	Nainital Bank Ltd.	55	34	47	34	170	-	-	-
18	RBL Bank Ltd.	65	72	96	311	544	359	36	395
19	South Indian Bank Ltd.	110	460	183	206	959	909	412	1,321
20	Tamilnad Mercantile Bank Ltd.	119	257	88	88	552	498	660	1,158
21	Yes Bank Ltd.	96	326	298	513	1,233	1,121	167	1,288

Notes: 1. Population groups are defined as follows: 'Rural' includes centers with population of less than 10,000. 'Semi-urban' includes centers with population of 10,000 and above but less than of one lakh. 'Urban' includes centers with population of one lakh and above but less than of ten lakh, and 'Metropolitan' includes centers with population of ten lakh and above. All population figures are as per census 2011.

2. Data on branches exclude 'Administrative Offices'.

3. -: NIL.

Source: Central Information System for Banking Infrastructure (erstwhile Master Office File System) database, RBI.

Appendix Table IV.12: Branches and ATMs of Scheduled Commercial Banks *(Concluded)*

(At end-March 2024)

Sr. No.	Name of the Bank	Branches					ATMs and CRMs		
		Rural	Semi-urban	Urban	Metropolitan	Total	On-site	Off-site	Total
1	2	3	4	5	6	7	8	9	10
	Foreign Banks	**124**	**143**	**158**	**355**	**780**	**603**	**566**	**1,169**
1	AB Bank Plc	-	-	-	1	1	-	-	-
2	American Express Banking Corp.	-	-	-	1	1	-	-	-
3	Australia And New Zealand Banking Group Limited	1	-	1	1	3	-	-	-
4	Bank of America , National Association	-	-	-	4	4	-	-	-
5	Bank of Bahrain & Kuwait B.s.c.	-	1	-	3	4	-	-	-
6	Bank of Ceylon	-	-	-	1	1	-	-	-
7	Bank of China Limited	-	-	-	1	1	-	-	-
8	Bank of Nova Scotia	-	-	-	1	1	-	-	-
9	Barclays Bank Plc	-	1	-	2	3	-	-	-
10	Bnp Paribas	-	-	-	5	5	-	-	-
11	Citibank N.A.	-	-	4	10	14	-	-	-
12	Cooperatieve Rabobank U.A.	-	-	-	1	1	-	-	-
13	Credit Agricole Corporate And Investment Bank	-	-	-	5	5	-	-	-
14	Credit Suisse Ag	-	-	-	1	1	-	-	-
15	CTBC Bank Co., Ltd.	-	1	-	1	2	-	-	-
16	DBS Bank India Limited	114	136	116	156	522	436	472	908
17	Deutsche Bank AG	1	-	5	11	17	13	2	15
18	Doha Bank Q.P.S.C.	-	-	1	1	2	2	-	2
19	Emirates NBD Bank (P.J.S.C.)	-	-	1	2	3	-	-	-
20	First Abu Dhabi Bank PJSC	-	-	-	1	1	-	-	-
21	Firstrand Bank Ltd	-	-	-	1	1	-	-	-
22	The Hongkong And Shanghai Banking Corporation Limited	-	-	4	22	26	46	28	74
23	Industrial And Commercial Bank of China	-	-	-	1	1	-	-	-
24	Industrial Bank of Korea	-	-	-	1	1	-	-	-
25	JPMorgan Chase Bank National Association	2	-	-	2	4	-	-	-
26	JSC VTB Bank	-	-	-	1	1	-	-	-
27	KEB Hana Bank	-	1	-	1	2	1	-	1
28	Kookmin Bank	-	-	1	-	1	1	-	1
29	Krung Thai Bank Public Company Limited	-	-	-	1	1	-	-	-
30	Mashreq Bank PSC	-	-	-	1	1	-	-	-
31	Mizuho Bank Ltd.	-	1	1	3	5	-	-	-
32	MUFG Bank, Ltd.	1	-	-	4	5	-	-	-
33	NatWest Markets Plc	-	-	-	1	1	-	-	-
34	Nonghyup Bank	-	-	1	-	1	-	-	-
35	PT Bank Maybank Indonesia Tbk	-	-	-	1	1	-	-	-
36	Qatar National Bank (Q.P.S.C)	-	-	-	1	1	-	-	-
37	SBER Bank	-	-	-	2	2	-	-	-
38	SBM Bank (India) Limited	3	-	1	12	16	-	-	-
39	Shinhan Bank	1	-	-	5	6	-	-	-
40	Societe Generale	-	-	-	2	2	-	-	-
41	Sonali Bank Plc	-	-	1	1	2	-	-	-
42	Standard Chartered Bank	1	1	20	78	100	102	64	166
43	Sumitomo Mitsui Banking Corporation	-	1	-	2	3	-	-	-
44	United Overseas Bank Ltd.	-	-	-	1	1	-	-	-
45	Woori Bank	-	-	1	2	3	-	-	-

Notes: 1. Population groups are defined as follows: 'Rural' includes centers with population of less than 10,000. 'Semi-urban' includes centers with population of 10,000 and above but less than of one lakh. 'Urban' includes centers with population of one lakh and above but less than of ten lakh, and 'Metropolitan' includes centers with population of ten lakh and above. All population figures are as per census 2011.

2. Data on branches exclude 'Administrative Offices'.

3. -: NIL.

Source: Central Information System for Banking Infrastructure (erstwhile Master Office File System) database, RBI.

Appendix Table IV.13: Progress of Microfinance Programmes

(At end-March)

Item	Self Help Groups											
	Number (lakh)						Amount (in ₹ crore)					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	7	8	9	10	11	12	13
Loans Disbursed by Banks (During the FY)	27.0	31.5	28.9	34.0	43.0	54.8	58,317.6	77,659.3	58,070.6	99,729.2	1,45,200.2	2,09,285.9
	(17.8)	(22.1)	(17.0)	(24.8)	(36.9)	(47.6)	(36,818.5)	(55,589.9)	(31,755.1)	(68,916.9)	(1,25,106.3)	(1,83,297.1)
Loans Outstanding with Banks	50.8	56.8	57.8	67.4	69.6	77.4	87,098.2	1,08,075.1	1,03,289.0	1,51,051.0	1,88,078.8	2,59,663.7
	(35.1)	(39.6)	(36.0)	(47.8)	(58.9)	(65.0)	(58,431.6)	(73,183.9)	(61,393.1)	(1,01,840.1)	(1,61,583.9)	(2,22,452.1)
Savings with Banks	100.1	102.4	112.2	118.9	134.0	144.2	23,324.5	26,152.0	37,477.0	47,240.5	58,892.7	65,089.2
	(60.2)	(62.6)	(70.1)	(77.7)	(89.4)	(91.7)	(14,481.6)	(15,836.3)	(21,307.8)	(31,077.1)	(40,971.9)	(49,738.7)
	Microfinance Institutions											
	Number (lakh)						Amount (in ₹ crore)					
Loans Disbursed by Banks	0.0	0.0	0.3	0.2	0.8	0.3	13,721.0	19,133.0	12,120.3	23,173.4	36,757.0	31,497.1
Loans Outstanding with Banks	0.1	0.2	0.6	0.6	1.1	1.9	16,044.8	27,255.8	21,062.7	34,865.4	44,119.8	59,592.7
	Joint Liability Groups											
	Number (lakh)						Amount (in ₹ crore)					
Loans Disbursed by Banks (During the FY)	16.0	41.8	41.3	54.1	70.0	73.3	30,946.9	83,103.0	58,311.8	1,12,772.8	1,33,372.9	1,88,313.4

Notes: 1. Figures in brackets give the details of SHGs covered under the National Rural Livelihoods Mission (NRLM) and the National Urban Livelihoods Mission (NULM).

2. Actual number of MFIs availing loans from banks may be less than the number of accounts, as most of MFIs avail loans several times from the same bank and from more than one bank.

Source: NABARD.

Appendix Table IV.14: Major Financial Indicators of Regional Rural Banks - State-wise *(Continued)*

(Amount in ₹ crore)

	No. of RRBs	Profit Earning		Loss Incurring		Net Profit/ Loss	No. of RRBs	Profit Earning		Loss Incurring		Net Profit/ Loss
	Mar-23	No.	Amount	No.	Amount		Mar-24	No.	Amount	No.	Amount	
1	2	3	4	5	6	7	8	9	10	11	12	13
Central Region	**7**	**7**	**1,039.2**	**0**	**0.0**	**1,039.2**	**7**	**7**	**1,262.9**	**0**	**0.0**	**1,262.9**
Chhattisgarh	1	1	167.2	0	0.0	167.2	1	1	296.2	0	0.0	296.2
Madhya Pradesh	2	2	236.5	0	0.0	236.5	2	2	500.4	0	0.0	500.4
Uttar Pradesh	3	3	591.6	0	0.0	591.6	3	3	391.0	0	0.0	391.0
Uttarakhand	1	1	43.8	0	0.0	43.8	1	1	75.3	0	0.0	75.3
Eastern Region	**8**	**6**	**283.1**	**2**	**973.4**	**-690.2**	**8**	**8**	**624.9**	**0**	**0.0**	**624.9**
Bihar	2	1	32.4	1	918.4	-886.0	2	2	94.9	0	0.0	94.9
Jharkhand	1	1	94.3	0	0.0	94.3	1	1	115.9	0	0.0	115.9
Odisha	2	2	84.9	0	0.0	84.9	2	2	162.3	0	0.0	162.3
West Bengal	3	2	71.6	1	55.0	16.6	3	3	251.8	0	0.0	251.8
North Eastern Region	**7**	**5**	**127.6**	**2**	**138.2**	**-10.6**	**7**	**6**	**206.6**	**1**	**1.8**	**204.8**
Arunachal Pradesh	1	1	20.6	0	0.0	20.6	1	1	27.3	0	0.0	27.3
Assam	1	0	0.0	1	138.0	-138.0	1	1	4.2	0	0.0	4.2
Manipur	1	0	0.0	1	0.2	-0.2	1	0	0.0	1	1.8	-1.8
Meghalaya	1	1	37.8	0	0.0	37.8	1	1	62.3	0	0.0	62.3
Mizoram	1	1	65.2	0	0.0	65.2	1	1	84.5	0	0.0	84.5
Nagaland	1	1	0.4	0	0.0	0.4	1	1	0.3	0	0.0	0.3
Tripura	1	1	3.6	0	0.0	3.6	1	1	27.9	0	0.0	27.9
Northern Region	**7**	**5**	**1,091.2**	**2**	**93.1**	**998.1**	**7**	**6**	**1,235.0**	**1**	**49.4**	**1,185.6**
Haryana	1	1	275.5	0	0.0	275.5	1	1	338.2	0	0.0	338.2
Himachal Pradesh	1	1	2.2	0	0.0	2.2	1	1	6.9	0	0.0	6.9
Jammu & Kashmir	2	0	0.0	2	93.1	-93.1	2	1	3.8	1	49.4	-45.7
Punjab	1	1	152.7	0	0.0	152.7	1	1	141.1	0	0.0	141.1
Rajasthan	2	2	660.8	0	0.0	660.8	2	2	745.1	0	0.0	745.1
Southern Region	**10**	**10**	**3,392.6**	**0**	**0.0**	**3,392.6**	**10**	**9**	**3,990.4**	**1**	**174.3**	**3,816.1**
Andhra Pradesh	3	3	1,091.5	0	0.0	1,091.5	3	3	1,404.6	0	0.0	1,404.6
Karnataka	2	2	47.8	0	0.0	47.8	2	1	104.2	1	174.3	-70.1
Kerala	1	1	324.6	0	0.0	324.6	1	1	405.8	0	0.0	405.8
Puducherry	1	1	14.3	0	0.0	14.3	1	1	18.9	0	0.0	18.9
Tamil Nadu	1	1	418.3	0	0.0	418.3	1	1	446.7	0	0.0	446.7
Telangana	2	2	1,496.0	0	0.0	1,496.0	2	2	1,610.2	0	0.0	1,610.2
Western Region	**4**	**4**	**244.6**	**0**	**0.0**	**244.6**	**4**	**4**	**476.4**	**0**	**0.0**	**476.4**
Gujarat	2	2	219.3	0	0.0	219.3	2	2	401.3	0	0.0	401.3
Maharashtra	2	2	25.3	0	0.0	25.3	2	2	75.1	0	0.0	75.1
All India	**43**	**37**	**6,178.3**	**6**	**1,204.7**	**4,973.6**	**43**	**40**	**7,796.2**	**3**	**225.5**	**7,570.7**

Notes: 1. Andhra Pradesh Grameena Vikas Bank, with head office at Warangal in Telangana, operates in 21 districts of Telangana and 7 districts of Andhra Pradesh. Since its head office is in Telangana, it has been included under Telangana in the above table.

2. J & K Grameen Bank, with head office at Jammu, has 4 branches in union territory of Ladakh. The data of the bank has been shown under Jammu & Kashmir.

Source: NABARD.

Appendix Table IV.14: Major Financial Indicators of Regional Rural Banks - State-wise *(Concluded)*

(Amount in ₹ crore)

Region/State	Gross NPA (per cent)		CRAR (per cent)	
	Mar-23	Mar-24	Mar-23	Mar-24
1	14	15	16	17
Central Region	**7.8**	**7.0**	**12.5**	**12.5**
Chhattisgarh	2.3	2.0	18.5	17.6
Madhya Pradesh	8.5	7.0	11.2	14.3
Uttar Pradesh	8.3	7.8	12.3	11.5
Uttarakhand	5.5	4.1	11.5	12.6
Eastern Region	**19.5**	**15.0**	**8.0**	**9.4**
Bihar	30.6	23.8	4.8	6.6
Jharkhand	4.8	3.7	11.3	10.9
Odisha	14.7	11.6	9.8	10.5
West Bengal	10.7	8.0	10.7	12.6
North Eastern Region	**11.6**	**7.3**	**15.2**	**15.1**
Arunachal Pradesh	2.8	3.3	13.4	15.9
Assam	19.7	10.4	7.8	8.7
Manipur	10.9	10.7	6.9	10.7
Meghalaya	6.4	5.2	13.7	15.3
Mizoram	5.4	4.9	13.3	13.7
Nagaland	1.2	0.8	8.4	10.0
Tripura	5.1	4.7	26.8	24.3
Northern Region	**3.8**	**3.2**	**12.7**	**13.6**
Haryana	4.3	3.2	14.2	14.8
Himachal Pradesh	4.8	3.9	8.2	8.0
Jammu & Kashmir	5.9	5.4	4.1	9.5
Punjab	5.9	5.1	15.6	16.5
Rajasthan	2.6	2.3	12.4	13.1
Southern Region	**4.1**	**4.0**	**16.4**	**17.6**
Andhra Pradesh	1.1	0.9	19.6	21.1
Karnataka	10.7	11.5	10.2	10.5
Kerala	2.3	2.1	13.1	13.5
Puducherry	2.0	1.4	10.5	10.4
Tamil Nadu	1.4	1.0	13.6	13.3
Telangana	2.4	2.4	22.7	25.1
Western Region	**5.3**	**4.3**	**11.2**	**12.7**
Gujarat	2.8	2.2	13.6	15.0
Maharashtra	7.7	6.4	9.0	10.5
All India	**7.3**	**6.2**	**13.4**	**14.2**

Notes: 1. Andhra Pradesh Grameena Vikas Bank, with head office at Warangal in Telangana, operates in 21 districts of Telangana and 7 districts of Andhra Pradesh. Since its head office is in Telangana, it has been included under Telangana in the above table.

2. J & K Grameen Bank, with head office at Jammu, has 4 branches in union territory of Ladakh. The data of the bank has been shown under Jammu & Kashmir.

Source: NABARD.

Appendix Table IV.15: RRBs - PSL Target and Achievement - 2023-24

Sector/Sub Sector	Target (per cent)	Achievement (per cent)	RRBs not Meeting Target/Sub-target
1	2	3	4
Overall Priority Sector	75.0	88.6	All RRBs have met all the targets/sub-targets for FY 2023-24
Agriculture	18.0	34.2	
Small and Marginal Farmers	10.0	19.0	
Non-Corporate Farmers	13.78	94.2	
Micro Enterprises	7.5	15.0	
Weaker Sections	15.0	84.8	

Notes: 1. Achievement for FY 2023-24 is computed as a percentage of Adjusted Net Bank Credit (ANBC) as a simple average of all quarters as per the Reserve Bank's Master Directions on PSL.

2. ANBC is as on corresponding date of the previous year.

3. Achievement under different categories has been arrived upon after factoring in PSLCs issued/purchased.

4. While computing ANBC, outstanding PSLCs (PSLC purchased less PSLC issued) have been added to net bank credit.

Source: NABARD.

Appendix Table V.1: Indicators of Financial Performance: Scheduled UCBs *(Continued)*

(As per cent to total assets)

Sr. No.	Name of the Bank	Interest Income		Operating Profit		Net Profit after Taxes	
		2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
1	2	3	4	5	6	7	8
1	Abhyudaya Co-operative Bank Limited, Mumbai	6.0	6.6	0.1	0.3	-1.8	-1.9
2	Ahmedabad Mercantile Co-operative Bank Limited	6.7	6.9	2.3	2.2	1.5	1.5
3	Akola Janata Commercial Co-operative Bank Limited, Akola	6.4	7.0	1.8	1.9	1.1	1.3
4	Akola Urban Co-operative Bank Limited, Akola	6.1	6.8	3.2	1.3	0.3	0.8
5	Amanath Co-operative Bank Limited, Bangalore	0.4	0.6	-0.3	0.0	-0.2	0.2
6	Andhra Pradesh Mahesh Co-operative Urban Bank Limited	7.9	8.0	1.0	1.7	0.6	1.9
7	Apna Sahakari Bank Limited	6.5	5.5	0.4	-0.3	-1.5	-1.4
8	Bassein Catholic Co-operative Bank Limited	6.5	6.8	1.5	1.5	0.7	1.1
9	Bharat Co-operative Bank (Mumbai) Limited, Mumbai	6.6	6.8	1.1	1.0	-1.1	0.1
10	Bharati Sahakari Bank Limited	6.1	6.5	1.5	1.8	0.6	1.0
11	Bombay Mercantile Co-operative Bank Limited	4.7	4.7	0.8	0.7	0.1	0.2
12	Citizen Credit Co-operative Bank Limited, Mumbai	6.7	7.1	1.3	1.3	0.6	0.6
13	Cosmos Co-operative Bank Limited	6.8	7.0	2.4	1.9	0.7	1.6
14	Dombivli Nagari Sahakari Bank Limited	6.4	6.1	3.6	2.1	0.5	0.5
15	Goa Urban Co-operative Bank Limited	6.7	7.1	0.8	1.2	0.6	0.9
16	Gopinath Patil Parsik Janata Sahakari Bank Limited, Thane	6.8	6.9	1.3	1.7	0.7	1.0
17	Greater Bombay Co-operative Bank Limited	7.1	6.8	0.7	0.6	0.2	0.2
18	Indian Mercantile Co-operative Bank Limited, Lucknow	4.9	4.2	1.4	1.0	1.4	0.9
19	Jalgaon Janata Sahakari Bank Limited	7.0	7.3	1.7	1.4	0.9	0.9
20	Jalgaon People's Co-operative Bank Limited	6.2	6.8	1.3	1.0	0.3	0.1
21	Janakalyan Sahakari Bank Limited, Mumbai	5.5	6.9	0.1	1.2	0.1	0.3
22	Janalaxmi Co-operative Bank Limited, Nashik	3.8	4.8	-0.6	0.5	-0.6	0.5
23	Janata Sahakari Bank Limited, Pune	6.2	6.4	1.2	1.0	0.1	0.4
24	Kallappanna Awade Ichalkaranji Janata Sahakari Bank Limited	7.1	7.2	1.6	1.6	0.5	0.4
25	Kalupur Commercial Co-operative Bank Limited	6.1	6.7	2.3	2.4	1.3	1.5
26	Kalyan Janata Sahakari Bank Limited, Kalyan	6.5	7.3	1.0	0.9	-0.6	0.4
27	Kapol Co-operative Bank Limited, Mumbai	-	-	-	-	-	-
28	Karad Urban Co-operative Bank Limited	7.0	6.8	1.5	0.9	0.5	0.6
29	Khamgaon Urban Co-operative Bank Limited, Khamgaon	6.5	6.6	2.2	1.9	0.6	0.6
30	Mahanagar Co-operative Bank Limited, Mumbai	6.9	7.4	1.1	1.1	0.6	1.0
31	Mehsana Urban Co-operative Bank Limited	7.2	7.2	2.7	2.2	1.2	1.1
32	Nagar Urban Co-operative Bank Limited, Ahmednagar	-	-	-	-	-	-
33	Nagpur Nagrik Sahakari Bank Limited	6.6	7.0	1.2	1.3	0.2	0.4
34	Nasik Merchant's Co-operative Bank Limited	7.8	7.4	2.7	2.6	1.5	1.5
35	New India Co-operative Bank Limited, Mumbai	6.7	6.4	0.0	-0.1	-1.0	0.2
36	NKGSB Co-operative Bank Limited, Mumbai	6.8	6.6	1.1	0.6	0.3	0.2
37	Nutan Nagarik Sahakari Bank Limited, Ahmedabad	6.2	6.8	0.6	0.5	0.5	0.6
38	Pravara Sahakari Bank Limited	7.9	7.8	1.9	1.8	0.5	0.6
39	Punjab & Maharashtra Co-operative Bank Limited	-	-	-	-	-	-
40	Rajarambapu Sahakari Bank Limited	7.3	7.1	1.7	1.4	0.5	0.5
41	Rajkot Nagrik Sahakari Bank Limited	6.8	7.3	2.1	1.8	1.3	1.2
42	Rupee Co-operative Bank Limited	-	-	-	-	-	-
43	Sangli Urban Co-operative Bank Limited, Sangli	6.1	7.2	0.1	1.7	0.0	1.7
44	Saraswat Co-operative Bank Limited, Bombay	5.6	6.1	1.5	1.2	0.6	0.8
45	SBPP Co-operative Bank Limited, Killa Pardi	6.2	6.4	1.7	2.3	0.6	1.7
46	Shamrao Vithal Co-operative Bank Limited	6.8	7.1	1.2	1.4	0.7	0.9
47	Shikshak Sahakari Bank Limited, Nagpur	5.0	6.6	0.0	1.6	0.1	1.8
48	Solapur Janata Sahakari Bank Limited	6.9	6.8	1.9	1.6	1.1	1.2
49	Surat Peoples Co-operative Bank Limited	7.1	7.5	1.7	2.2	1.1	1.5
50	Thane Bharat Sahakari Bank Limited	6.9	7.4	1.0	0.9	0.3	0.4
51	TJSB Sahakari Bank	6.8	7.1	1.7	1.6	1.0	1.2
52	Vasai Vikas Sahakari Bank Limited	6.8	6.7	0.8	1.1	0.2	0.3
53	Zoroastrian Co-operative Bank Limited, Bombay	6.8	7.1	0.9	0.4	0.2	0.2

Notes: 1. Data for 2023-24 are provisional.

2. -: Nil/negligible.

Source: Off-site surveillance returns, RBI.

Appendix Table V.1: Indicators of Financial Performance: Scheduled UCBs *(Concluded)*

(As per cent to total assets)

Sr. No.	Name of the Bank	Interest Expended		Non-Interest Expenses		Provisions and Contingencies	
		2022-23	2023-24	2022-23	2023-24	2022-23	2023-24
1	2	9	10	11	12	13	14
1	Abhyudaya Co-operative Bank Limited, Mumbai	3.8	4.1	2.7	2.8	2.8	3.4
2	Ahmedabad Mercantile Co-operative Bank Limited	3.5	3.8	1.4	1.4	0.8	0.2
3	Akola Janata Commercial Co-operative Bank Limited, Akola	2.9	3.5	2.6	2.5	0.4	0.2
4	Akola Urban Co-operative Bank Limited, Akola	3.3	3.8	2.9	2.8	2.5	0.1
5	Amanath Co-operative Bank Limited, Bangalore	0.2	0.2	0.7	0.5	0.0	0.0
6	Andhra Pradesh Mahesh Co-operative Urban Bank Limited	4.9	4.4	2.6	2.2	0.2	-0.9
7	Apna Sahakari Bank Limited	3.9	4.0	2.7	2.4	2.4	1.4
8	Bassein Catholic Co-operative Bank Limited	3.8	4.1	1.4	1.3	0.5	0.1
9	Bharat Co-operative Bank (Mumbai) Limited, Mumbai	4.0	4.4	2.1	2.0	2.6	0.8
10	Bharati Sahakari Bank Limited	3.3	3.1	1.6	1.7	0.8	0.5
11	Bombay Mercantile Co-operative Bank Limited	1.8	1.8	3.1	3.1	0.9	0.8
12	Citizen Credit Co-operative Bank Limited, Mumbai	3.4	3.9	2.3	2.3	0.4	0.5
13	Cosmos Co-operative Bank Limited	3.7	4.1	2.0	2.0	1.4	0.0
14	Dombivli Nagari Sahakari Bank Limited	3.2	3.2	2.5	2.5	1.7	1.1
15	Goa Urban Co-operative Bank Limited	4.0	3.9	2.3	2.3	0.0	0.0
16	Gopinath Patil Parsik Janata Sahakari Bank Limited, Thane	3.3	3.2	2.6	2.6	0.6	0.5
17	Greater Bombay Co-operative Bank Limited	4.3	4.1	2.8	3.0	0.5	0.3
18	Indian Mercantile Co-operative Bank Limited, Lucknow	1.2	1.6	2.4	2.3	-0.1	-0.5
19	Jalgaon Janata Sahakari Bank Limited	3.6	4.2	2.1	2.4	0.6	0.3
20	Jalgaon People's Co-operative Bank Limited	3.3	4.0	2.3	2.4	1.9	1.4
21	Janakalyan Sahakari Bank Limited, Mumbai	3.3	3.5	2.4	2.9	-0.3	0.6
22	Janalaxmi Co-operative Bank Limited, Nashik	2.3	2.3	3.0	3.4	0.0	0.0
23	Janata Sahakari Bank Limited, Pune	3.7	4.1	1.6	1.7	1.7	1.1
24	Kallappanna Awade Ichalkaranji Janata Sahakari Bank Limited	4.1	4.4	1.7	1.6	1.1	0.9
25	Kalupur Commercial Co-operative Bank Limited	3.3	3.7	1.1	1.1	0.4	0.4
26	Kalyan Janata Sahakari Bank Limited, Kalyan	4.0	4.2	2.5	2.7	1.5	0.4
27	Kapol Co-operative Bank Limited, Mumbai	-	-	-	-	-	-
28	Karad Urban Co-operative Bank Limited	4.0	4.1	2.1	2.1	0.9	0.4
29	Khamgaon Urban Co-operative Bank Limited, Khamgaon	2.7	3.2	2.3	2.3	1.3	1.0
30	Mahanagar Co-operative Bank Limited, Mumbai	3.6	3.8	2.5	2.9	0.4	0.1
31	Mehsana Urban Co-operative Bank Limited	4.0	4.3	1.0	1.1	1.3	0.6
32	Nagar Urban Co-operative Bank Limited, Ahmednagar	-	-	-	-	-	-
33	Nagpur Nagrik Sahakari Bank Limited	3.3	3.7	2.5	2.7	1.4	0.9
34	Nasik Merchant's Co-operative Bank Limited	3.8	4.2	2.4	2.4	0.7	-0.2
35	New India Co-operative Bank Limited, Mumbai	4.4	4.5	2.8	2.6	2.1	0.7
36	NKGSB Co-operative Bank Limited, Mumbai	4.0	4.3	2.6	2.3	0.3	0.2
37	Nutan Nagarik Sahakari Bank Limited, Ahmedabad	4.3	5.0	1.6	1.5	0.6	0.2
38	Pravara Sahakari Bank Limited	4.4	4.7	2.4	1.8	1.3	0.9
39	Punjab & Maharashtra Co-operative Bank Limited	-	-	-	-	-	-
40	Rajarambapu Sahakari Bank Limited	4.5	4.7	1.8	1.4	1.2	0.9
41	Rajkot Nagrik Sahakari Bank Limited	3.8	4.2	1.3	1.4	0.4	0.2
42	Rupee Co-operative Bank Limited	-	-	-	-	-	-
43	Sangli Urban Co-operative Bank Limited, Sangli	4.0	4.8	2.4	2.2	0.0	0.0
44	Saraswat Co-operative Bank Limited, Bombay	3.3	3.9	1.7	1.7	0.6	-0.2
45	SBPP Co-operative Bank Limited, Killa Pardi	3.0	3.1	1.9	1.7	0.7	0.1
46	Shamrao Vithal Co-operative Bank Limited	3.8	4.2	2.5	2.2	0.2	0.2
47	Shikshak Sahakari Bank Limited, Nagpur	3.1	3.5	2.5	2.7	0.8	0.3
48	Solapur Janata Sahakari Bank Limited	3.8	3.8	1.9	2.0	1.0	0.1
49	Surat Peoples Co-operative Bank Limited	4.5	4.8	1.2	1.1	0.3	0.3
50	Thane Bharat Sahakari Bank Limited	3.7	4.1	3.3	3.6	0.6	0.4
51	TJSB Sahakari Bank	3.7	4.0	1.9	2.0	0.4	0.0
52	Vasai Vikas Sahakari Bank Limited	4.4	4.1	1.9	2.0	0.7	0.8
53	Zoroastrian Co-operative Bank Limited, Bombay	3.7	3.9	2.8	3.0	0.4	0.1

Notes: 1. Data for 2023-24 are provisional.

2. -: Nil/negligible.

Source: Off-site surveillance returns, RBI.

Appendix Table V.2: Select Financial Parameters: Scheduled UCBs

(At end-March 2024)

(Per cent)

Sr. No.	Bank Name	Average Cost of Deposits	Average Yield on Advances	Net Interest Income to Total Assets (Spread)	Net Interest Income to Working Fund	Non-Interest Income to Working Fund	Return on Assets (ROA)	CRAR	Business per Employee (₹ crores)	Profit per Employee (₹ crores)
1	2	3	4	5	6	7	8	9	10	11
1	Abhyudaya Co-Op. Bank Ltd., Mumbai	4.6	8.6	2.3	2.5	0.9	-1.8	2.1	5.9	-0.1
2	Ahmedabad Mercantile Co-Op.Bank Ltd.	5.6	9.0	3.4	3.2	0.5	1.6	33.4	46.6	0.2
3	Akola Urban Co-Op.Bank Ltd.	4.8	10.1	3.3	3.2	1.2	0.8	15.0	54.4	0.0
4	Amanath Co-Op.Bank Ltd.,Bangalore	0.0	6.7	4.3	4.1	2.8	2.3	94.2	66.9	0.0
5	Andhra Pradesh Mahesh Co-Operative Urban Bank Ltd.Hyderabad	5.4	11.3	3.5	3.5	0.3	1.8	45.2	28.0	0.1
6	Apna Sahakari Bank Ltd.	5.0	7.2	1.4	1.6	0.6	-1.3	5.6	85.0	-0.1
7	Bassein Catholic Co-Op.Bank Ltd.	5.5	9.0	2.8	2.8	0.2	1.1	22.3	55.0	0.2
8	Bharati Sahakari Bank Ltd.(Poona)	3.9	8.9	3.6	3.5	0.2	1.1	21.2	67.6	0.1
9	Bombay Mercantile Co-Op.Bank Ltd.	3.0	9.6	3.1	4.0	1.4	0.2	15.0	85.2	0.0
10	Citizen Credit Co-Op.Bank Ltd.Mumbai	4.7	8.9	3.1	3.3	0.4	0.6	23.5	49.3	0.0
11	Cosmos Co-Operative Bank Ltd.Pune	5.2	9.4	3.1	3.0	2.3	1.7	15.4	93.3	0.1
12	Dombivali Nagari Sahakari Bank Ltd.	4.4	9.9	3.5	3.5	2.0	0.5	15.6	69.3	0.0
13	Goa Urban Co-Op.Bank Ltd.	5.2	9.3	3.3	32.0	3.6	0.9	21.0	62.1	0.0
14	GP Parsik Sahakari Bank Ltd.,Kalwa,Thane	4.0	8.9	3.8	3.7	0.6	1.0	21.7	48.6	0.1
15	Greater Bombay Co-Op.Bank Ltd.	4.6	8.3	2.8	2.8	2.0	0.2	19.5	72.9	0.0
16	GS Mahanagar Co-Operative Bank Ltd., Mumbai	4.8	10.2	3.7	3.8	0.8	1.0	17.4	57.5	0.1
17	Indian Mercantile Coop.Bank Ltd Lucknow	3.2	4.7	2.9	3.6	1.0	1.0	57.6	21.5	0.0
18	Jalgaon Janata Sahakari Bank Ltd.	5.2	10.2	3.3	3.3	0.7	0.9	15.7	94.8	0.1
19	Jalgaon People's Co-Op.Bank Ltd.	5.0	9.8	2.9	2.8	1.1	0.1	13.3	74.7	0.0
20	Janakalyan Sahakari Bank Ltd.(Bombay)	4.4	9.3	3.2	3.6	0.8	0.3	13.7	32.1	0.0
21	Janalaxmi Co-Op.Bank Ltd.(Nasik)	5.0	11.1	2.3	3.9	2.3	0.5	32.9	29.0	0.0
22	Janata Sahakari Bank Ltd.(Poona)	5.0	8.8	2.6	2.4	1.8	0.5	14.3	61.3	0.0
23	Kallappanna Awade Ichalkaranji Janata Sahakari Bank Ltd.	5.9	10.4	3.2	3.4	0.5	0.5	13.2	121.6	0.0
24	Karad Urban Co-Op.Bank Ltd.	5.5	9.5	3.0	3.0	0.9	0.7	16.2	66.0	0.0
25	Khamgaon Urban Co-Op.Bank Ltd.	4.4	10.2	3.5	3.5	0.9	0.7	21.4	49.3	0.0
26	Mehsana Urban Co-Operative Bank Ltd.	5.8	9.9	3.3	3.0	0.5	1.3	15.3	88.7	0.2
27	Nagpur Nagarik Sahakari Bank Ltd.	4.4	9.0	3.3	3.3	0.8	0.4	14.2	86.6	0.0
28	Nasik Merchants' Co-Op.Bank Ltd.	5.0	9.2	3.6	3.2	1.8	1.7	31.9	33.1	0.1
29	New India Co-Op.Bank Ltd.	4.9	10.0	1.9	2.0	1.7	0.2	9.1	53.8	0.0
30	NKGSB Co-Op. Bank Ltd.	5.3	8.9	2.5	2.5	0.6	0.3	12.8	92.3	0.0
31	Nutan Nagrik Sah.Bank Ltd.(Ahmedabad)	6.1	9.0	1.8	1.7	0.8	0.7	15.3	74.8	0.1
32	Pravara Sahakari Bank Ltd.	5.5	10.0	3.2	3.1	0.5	0.6	14.1	48.0	0.0
33	Rajaram Bapu Sahakari Bank Ltd.	6.1	9.4	2.7	2.7	0.6	0.6	14.3	66.6	0.0
34	Rajkot Nagrik Sahakari Bank Ltd.	5.4	9.8	3.3	3.2	0.1	1.3	18.2	69.7	0.1
35	Sangli Urban Co-Op.Bank Ltd.	5.8	9.8	2.4	2.6	1.6	1.7	14.1	52.5	0.1
36	Saraswat Co-Operative Bank Ltd.	5.3	9.3	2.6	2.4	0.8	0.9	17.3	83.4	0.1
37	SBPP Co-Operative Bank Ltd	4.5	9.7	3.8	3.6	0.8	1.9	20.8	72.3	0.1
38	Shikshak Sahakari Bank Ltd.,Nagpur	4.9	10.9	3.1	3.7	2.5	1.8	16.2	73.6	0.1
39	Sholapur Janata Sahakari Bank Ltd.	5.2	10.5	3.2	3.4	0.6	1.3	17.9	61.3	0.1
40	Surat People's Co-Op.Bank Ltd.	5.9	9.4	2.9	2.7	0.6	1.6	16.6	68.2	0.3
41	SVC Co-Operative Bank Ltd.	5.4	9.8	3.0	3.4	0.8	0.9	15.4	86.2	0.1
42	Thane Bharat Sahakari Bank Ltd.Thane	4.3	8.9	3.3	3.4	1.4	0.4	14.4	62.4	0.0
43	The Akola Janata Commercial Co-Operative Bank Ltd.	4.7	11.1	3.9	3.7	0.9	1.4	24.5	47.8	0.1
44	The Bharat Co-Operative Bank (Mumbai)Ltd.	5.4	9.5	2.5	2.5	0.6	0.1	13.7	95.8	0.0
45	The Kalupur Comm.Co-Op.Bank Ltd.	5.3	9.3	3.4	3.2	0.6	1.7	20.4	82.0	0.2
46	The Kalyan Janata Sah.Bank Ltd.Kalyan	4.9	9.8	3.1	3.1	0.7	0.4	11.6	97.4	0.0
47	TJSB Sahakari Bank Ltd. Thane	5.1	9.8	3.4	3.2	0.6	1.4	17.6	62.1	0.1
48	Vasai Vikas Sahakari Bank Ltd.	49.2	8.8	2.7	2.6	0.7	0.3	16.6	55.2	0.0
49	Zoroastrian Co-Operative Bank Ltd.	4.8	8.8	3.2	3.1	0.3	0.2	22.1	50.1	0.0

Note: Data for as on March 31, 2024 are provisional.
Source: Off-site surveillance returns, RBI.

Appendix Table V.3: Salient Indicators of Financial Health of State Co-operative Banks

(At end-March)

(Amount in ₹ lakh)

Sr. No	Region/State/UT	Amount of Profit/Loss		NPAs as Percentage of Loans Outstanding		Recovery to Demand (%)	
		2022-23	2023-24P	31-Mar-23	31-Mar-24	30-Jun-22	30-Jun-23
1	2	3	4	5	6	7	8
	Northern Region	**36,429**	**31,052**	**3.0**	**2.2**	**97.7**	**97.6**
1	Chandigarh	550	1,174	3.3	2.4	80.5	83.9
2	Delhi	2,122	2,123	0.9	0.7	98.0	98.1
3	Haryana	8,852	6,185	0.1	-	100.0	100.0
4	Himachal Pradesh	15,912	11,876	7.0	3.9	71.8	71.9
5	Jammu & Kashmir	-993	-1,489	53.0	55.5	73.6	63.0
6	Punjab	2,678	3,561	0.9	0.9	99.3	98.4
7	Rajasthan	7,308	7,621	0.2	0.2	98.8	99.8
	North-Eastern Region	**5,016**	**10,148**	**9.7**	**9.2**	**62.3**	**80.3**
8	Arunachal Pradesh	-4,990	-2,057	50.1	39.9	26.1	15.8
9	Assam	1,220	1,401	9.6	9.2	63.2	66.1
10	Manipur	366	401	24.1	18.1	63.7	64.6
11	Meghalaya	1,477	1,670	7.6	8.0	48.4	31.4
12	Mizoram	3,966	4,246	2.8	2.5	63.1	84.8
13	Nagaland	242	858	15.9	14.2	60.5	59.7
14	Sikkim	504	834	4.0	3.5	87.8	59.5
15	Tripura	2,231	2,795	7.2	7.6	74.9	93.7
	Eastern Region	**49,218**	**54,449**	**3.7**	**3.9**	**87.0**	**91.3**
16	Andaman & Nicobar Islands	608	746	34.9	25.8	67.9	63.4
17	Bihar	7,616	6,764	2.3	3.1	64.1	17.3
18	Jharkhand	3,060	6,669	11.9	9.4	52.7	55.0
19	Odisha	22,914	21,589	1.0	1.1	94.0	98.7
20	West Bengal	15,021	18,682	5.0	4.8	89.2	89.2
	Central Region	**23,617**	**23,673**	**3.9**	**3.8**	**94.4**	**92.7**
21	Chhattisgarh	3,389	3,683	1.9	2.0	96.4	97.2
22	Madhya Pradesh	12,817	11,154	4.3	5.1	91.8	86.0
23	Uttar Pradesh	6,076	7,287	3.9	3.1	97.3	98.1
24	Uttarakhand	1,336	1,549	4.9	4.1	96.1	97.6
	Western Region	**78,361**	**80,832**	**8.3**	**7.2**	**84.0**	**77.7**
25	Dadra and Nagar Haveli and Daman and Diu	945	970	2.9	4.4	68.1	68.1
26	Goa	177	482	10.0	4.2	80.8	91.7
27	Gujarat	10,559	10,692	0.8	0.7	95.9	96.1
28	Maharashtra	66,680	68,688	10.7	9.2	82.4	73.9
	Southern Region	**53,114**	**68,990**	**5.6**	**5.1**	**91.7**	**94.6**
29	Andhra Pradesh	18,265	18,980	0.6	0.5	99.7	97.9
30	Karnataka	11,000	6,500	4.4	4.6	97.9	97.6
31	Kerala	3,252	24,781	12.1	11.2	78.4	73.3
32	Puducherry	1,085	60	13.9	11.6	91.5	71.6
33	Tamil Nadu	11,478	12,129	2.6	2.9	99.4	99.4
34	Telangana	8,034	6,540	0.1	0.1	98.7	98.8
	All India	**2,45,756**	**2,69,144**	**5.4**	**4.9**	**91.7**	**92.4**

Notes: 1: P: Provisional
2. Components may not add up to total due to rounding off.
3. Recovery for a financial year is as on 30th June.

Source: NABARD.

Appendix Table V.4: Salient Indicators of Financial Health of District Central Co-operative Banks

(At end-March)

(Amount in ₹ lakh)

Sr. No.	Region/State/UT	2022-23					2023-24 P					2023		2024 P	
		No. of DCCBs	Profit		Loss		No. of DCCBs	Profit		Loss		NPA to loans ratio (%)	Recovery to Demand (%) (At end-June)*	NPA to loans ratio (%)	Recovery to Demand (%) (At end-June) *
			No. of DCCBs	Amt.	No of DCCBs	Amt.		No. of DCCBs	Amt.	No of DCCBs	Amt.				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Northern region	**73**	**65**	**27,640**	**8**	**10,005**	**73**	**65**	**29,841**	**8**	**15,330**	**9.6**	**77.1**	**8.5**	**73.6**
1	Haryana	19	19	8,045	0	-	19	19	7,122	0	-	6.3	65.6	5.8	60.2
2	Himachal Pradesh	2	2	6,582	0	-	2	2	8,399	0	-	25.2	76.9	21.0	70.5
3	Jammu & Kashmir	3	2	132	1	1,070	3	2	443	1	639	26.7	19.6	20.4	35.4
4	Punjab	20	14	5,248	6	8,217	20	14	7,255	6	11,410	11.0	77.6	10.7	75.9
5	Rajasthan	29	28	7,633	1	717	29	28	6,622	1	3,282	6.0	87.8	5.2	83.7
	Eastern region	**58**	**51**	**21,202**	**7**	**5,025**	**58**	**52**	**28,422**	**6**	**9,150**	**8.5**	**73.7**	**8.8**	**76.6**
6	Bihar	23	17	1,145	6	2,301	23	19	2,558	4	3,228	9.2	39.2	12.2	51.8
7	Jharkhand	1	1	85	0	-	1	1	146	0	-	12.7	54.5	28.1	66.6
8	Odisha	17	17	9,796	0	-	17	17	11,946	0	-	7.5	74.4	7.3	78.2
9	West Bengal	17	16	10,176	1	2,723	17	15	13,772	2	5,922	10.0	80.0	10.1	79.0
	Central region	**104**	**78**	**42,504**	**26**	**50,467**	**104**	**89**	**62,991**	**15**	**63,188**	**18.4**	**66.1**	**15.7**	**66.4**
10	Chhattisgarh	6	6	12,389	0	-	6	6	19,635	0	-	11.0	76.8	9.7	78.7
11	Madhya Pradesh	38	23	14,599	15	40,989	38	29	22,174	9	59,041	25.8	60.2	22.7	57.9
12	Uttar Pradesh	50	39	10,039	11	9,478	50	44	11,446	6	4,147	8.2	73.5	6.3	79.3
13	Uttarakhand	10	10	5,477	0	-	10	10	9,736	0	-	8.8	72.3	7.6	73.3
	Western region	**49**	**47**	**1,21,425**	**2**	**21,824**	**49**	**46**	**1,29,124**	**3**	**5,585**	**11.2**	**73.9**	**10.3**	**75.2**
14	Gujarat	18	18	41,377	0	-	18	18	44,729	0	-	3.7	94.1	3.0	94.4
15	Maharashtra	31	29	80,048	2	21,824	31	28	84,395	3	5,585	14.1	64.1	13.2	66.0
	Southern region	**67**	**64**	**75,159**	**3**	**12,471**	**67**	**60**	**79,359**	**7**	**47,093**	**5.8**	**87.9**	**5.8**	**88.8**
16	Andhra Pradesh	13	12	13,377	1	3,569	13	11	13,126	2	30,855	3.6	89.6	4.8	88.1
17	Karnataka	21	20	21,697	1	7,655	21	18	26,726	3	12,123	6.7	91.9	7.2	91.8
18	Kerala	1	0	-	1	1,247	1	0	-	1	3,869	15.4	66.1	15.4	66.1
19	Tamil Nadu	23	23	31,080	0	-	23	23	27,200	0	-	6.3	83.7	5.5	88.6
20	Telangana	9	9	9,004	0	-	9	8	12,307	1	246	3.8	85.4	3.2	84.7
	All India	**351**	**305**	**2,87,929**	**46**	**99,791**	**351**	**312**	**3,29,737**	**39**	**1,40,346**	**9.6**	**76.5**	**8.9**	**76.8**

Notes: 1. Components may not add up to the total/s due to rounding off.
2. Recovery for a financial year is taken as on 30th June.

Source: NABARD.

Appendix Table V.5: Details of Members and Borrowers of Primary Agricultural Credit Societies

(Numbers in thousands)

All India	Members		Borrowers	
	2022	2023	2022	2023
1	2	3	4	5
Scheduled Castes	17,919	17,759	5,856	5,420
Scheduled Tribes	19,527	19,254	3,745	3,209
Small Farmers	70,217	73,057	27,518	28,189
Rural Artisans	7,189	7,298	1,454	1,273
Others and Marginal Farmers	54,318	43,011	9,775	11,137

Source: NAFSCOB.

Appendix Table V.6: Primary Agricultural Credit Societies

(Amount in ₹ crore)

	At end-March		Percentage Variation	
	2022	2023	2021-22	2022-23
1	2	3	4	5
Liabilities				
1. Total Resources (2+3+4)	3,91,518	4,47,134	9.89	14.21
2. Owned Funds (a+b)	42,754	48,566	1.05	13.59
a. Paid-up Capital	19,792	22,191	3.54	12.12
of which Government Contribution	866	889	-3.78	2.66
b. Total Reserves	22,962	26,375	-1.01	14.86
3. Deposits	1,76,390	1,97,239	3.20	11.82
4. Borrowings	1,72,374	2,01,329	20.50	16.80
5. Working Capital	3,69,896	4,09,377	10.51	10.67
Assets				
1. Total Loans Outstanding (a+b)	1,59,700	1,88,842	-26.36	18.25
a. Short-Term	1,29,171	1,54,650	-32.05	19.73
b. Medium-Term	30,529	34,192	14.12	12.00

Note: Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹ crore.

Source: NAFSCOB.

Appendix Table V.7: Select Indicators of Primary Agricultural Credit Societies-State-wise *(Continued)*

(At end-March 2023)

(Amount in ₹ lakh)

Sr. No.	State	Number of PACS	Deposits	Working Capital	Loans and Advances Outstanding		Societies in Profit	
					Agriculture	Non-Agriculture	Number	Amount
1	2	3	4	5	6	7	8	9
	Northern region	**15,081**	**17,15,959**	**57,48,792**	**26,84,829**	**78,138**	**10,076**	**60,371**
1	Chandigarh*	17	6	5	0	0	10	1
2	Haryana	776	45,843	16,24,138	6,02,697	33,508	50	875
3	Himachal Pradesh	2,193	6,10,846	7,72,194	1,20,728	12,511	1,847	6,800
4	Jammu & Kashmir	609	405	3,514	2,168	901	474	19
5	Punjab*	3,998	7,72,226	13,28,203	7,12,988	22,050	2,062	22,908
6	Rajasthan	7,488	2,86,632	20,20,738	12,46,248	9,169	5,633	29,768
	North-Eastern region	**9,741**	**3,16,586**	**1,59,417**	**36,967**	**32,356**	**1,000**	**9,114**
7	Arunachal Pradesh	35	N.A.	5,830	0	0	13	22
8	Assam*	766	0	11,123	575	20	309	7,639
9	Manipur	309	7	1,214	5	1	148	96
10	Meghalaya	510	2,15,876	8,169	4,296	44	217	129
11	Mizoram	73	3,071	532	410	311	38	928
12	Nagaland*	7,601	97,313	1,17,058	30,245	31,586	N.A.	N.A.
13	Sikkim	179	227	119	1,225	260	153	269
14	Tripura	268	92	15,371	211	134	122	30
	Eastern region	**18,632**	**7,98,038**	**17,05,953**	**9,32,530**	**41,617**	**4,351**	**7,660**
15	Andaman & Nicobar Islands	58	110	2,364	1,748	854	20	32
16	Bihar*	8,463	17,533	50,816	0	0	1,180	604
17	Jharkhand	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
18	Odisha	2,703	5,68,806	11,45,467	7,80,159	10,179	772	3,646
19	West Bengal	7,408	2,11,589	5,07,306	1,50,624	30,584	2,379	3,378
	Central region	**16,043**	**2,52,035**	**17,22,415**	**6,83,267**	**57,123**	**8,227**	**34,953**
20	Chhattisgarh	1,924	26,828	6,10,162	1,58,144	3,105	996	7,165
21	Madhya Pradesh*	4,457	81,731	6,45,546	3,39,959	11,892	2,153	13,124
22	Uttarakhand	733	1,36,656	3,40,780	1,05,134	42,125	542	12,891
23	Uttar Pradesh*	8,929	6,820	1,25,927	80,031	0	4,536	1,774
	Western region	**31,167**	**10,66,120**	**64,20,812**	**44,60,381**	**6,14,524**	**14,421**	**26,722**
24	Goa	93	12,202	19,848	1,013	5,815	53	446
25	Gujarat	9,212	76,845	18,88,074	16,37,777	58,675	6,735	14,211
26	Maharashtra	21,862	9,77,072	45,12,891	28,21,590	5,50,034	7,633	12,065
	Southern region	**16,291**	**1,55,75,148**	**2,51,80,342**	**60,74,386**	**21,86,080**	**9,719**	**75,414**
27	Andhra Pradesh	2,042	3,69,807	24,50,386	14,75,391	0	1,194	30,162
28	Telangana*	823	40,254	7,05,820	5,79,231	21,218	579	5,994
29	Karnataka	7,240	17,84,113	49,11,666	23,14,548	9,22,180	4,231	14,024
30	Kerala*	1,620	1,21,69,710	1,35,32,893	4,46,114	2,28,188	927	14,150
31	Puducherry	53	21,815	29,644	35	22,060	16	350
32	Tamil Nadu	4,513	11,89,449	35,49,933	12,59,067	9,92,435	2,772	10,734
	All India	**1,06,955**	**1,97,23,884**	**4,09,37,731**	**1,48,72,360**	**30,09,837**	**47,794**	**2,14,234**

Notes: 1. *: Data relate to previous year.
2. Components may not add up to the exact total /s due to rounding off.
3. N.A.: Not Available

Source: NAFSCOB.

Appendix Table V.7: Select Indicators of Primary Agricultural Credit Societies-State-wise *(Concluded)*

(At end-March 2023)

(Amount in ₹ lakh)

Sr. No.	State	Societies in Loss		Viable	Potentially viable	Dormant	Defunct	Others
		Number	Amount					
1	2	10	11	12	13	14	15	16
	Northern Region	**4,375**	**79,695**	**12,752**	**1,556**	**434**	**205**	**134**
1	Chandigarh*	5	0	4	0	13	0	0
2	Haryana	726	58,577	776	0	0	0	0
3	Himachal Pradesh	254	1,079	642	1,388	130	4	29
4	Jammu & Kashmir	75	2	461	57	17	72	2
5	Punjab*	1,513	6,619	3,505	111	150	129	103
6	Rajasthan	1,802	13,417	7,364	0	124	0	0
	North-Eastern Region	**947**	**10,869**	**9,387**	**265**	**66**	**23**	**0**
7	Arunachal Pradesh	20	12	32	0	0	3	0
8	Assam*	419	9,909	709	57	0	0	0
9	Manipur	70	66	183	103	10	13	0
10	Meghalaya	293	842	401	68	41	0	0
11	Mizoram	7	4	46	27	0	0	0
12	Nagaland*	N.A.	N.A.	7,601	0	0	0	0
13	Sikkim	22	12	147	10	15	7	0
14	Tripura	116	23	268	0	0	0	0
	Eastern Region	**9,915**	**23,531**	**14,108**	**2,767**	**587**	**412**	**758**
15	Andaman & Nicobar Island	26	197	43	12	3	0	0
16	Bihar*	3,962	94	8,463	0	0	0	0
17	Jharkhand	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
18	Odisha	1,912	21,766	1,649	509	11	1	533
19	West Bengal	4,015	1,473	3,953	2,246	573	411	225
	Central Region	**5,031**	**44,383**	**13,326**	**2,094**	**386**	**167**	**70**
20	Chhattisgarh	782	23,240	1,888	36	0	0	0
21	Madhya Pradesh*	2,129	17,824	3,663	720	4	0	70
22	Uttarakhand	152	3,167	660	69	0	4	0
23	Uttar Pradesh*	1,968	153	7,115	1,269	382	163	0
	Western Region	**12,444**	**20,202**	**24,349**	**4,683**	**1,100**	**862**	**173**
24	Goa	13	75	58	4	13	18	0
25	Gujarat	1,590	6,512	5,622	2,867	432	158	133
26	Maharashtra	10,841	13,615	18,669	1,812	655	686	40
	Southern Region	**4,645**	**1,79,871**	**10,717**	**4,390**	**279**	**98**	**807**
27	Andhra Pradesh	842	92,009	1,157	832	16	0	37
28	Telangana*	242	2,827	702	112	1	0	8
29	Karnataka	1,398	4,948	4,638	2,174	117	72	239
30	Kerala*	658	68,110	1,580	0	15	25	0
31	Puducherry	29	3,209	16	29	7	0	1
32	Tamil Nadu	1,476	8,768	2,624	1,243	123	1	522
	All India	**37,357**	**3,58,550**	**84,639**	**15,755**	**2,852**	**1,767**	**1,942**

Notes: 1. *: Data relate to previous year.

2. Components may not add up to the exact total /s due to rounding off.

3. N.A.: Not Available

Source: NAFSCOB.

Appendix Table V.8: Liabilities and Assets of State Co-operative Agriculture and Rural Development Banks

(Amount in ₹ crore)

	At end-March		Percentage Variation	
	2022	2023P	2021-22	2022-23
1	2	3	4	5
Liabilities				
1. Capital	967	973	1.9	0.6
	(3.4)	(3.5)		
2. Reserves	5,294	5,572	3.5	5.2
	(18.8)	(20)		
3. Deposits	2,584	2,621	2.1	1.4
	(9.2)	(9.4)		
4. Borrowings	13,409	12,559	0.9	-6.3
	(47.7)	(45.2)		
5. Other Liabilities	5,842	6,069	8.5	3.9
	(20.8)	(21.8)		
Assets				
1. Cash and Bank Balances	241	253	3.2	4.7
	(0.9)	(0.9)		
2. Investments	2,357	2,913	3.8	23.6
	(8.4)	(10.5)		
3. Loans and Advances	20,854	20,770	-0.4	-0.4
	(74.2)	(74.7)		
4. Accumulated Losses	586	627	13.2	6.8
	(2.1)	(2.3)		
5. Other Assets	4,058	3,231	22.9	-20.4
	(14.4)	(11.6)		
Total Liabilities/Assets	**28,097**	**27,794**	**3.0**	**-1.1**
	(100.00)	**(100.00)**		

Notes: 1. Figures in parentheses are proportion to total liabilities/assets (in per cent).
2. Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore in the table.
3. Components may not add up to the total due to rounding off.
4. P- Provisional.

Source: NABARD.

Appendix Table V.9: Financial Performance of State Co-operative Agriculture and Rural Development Banks

(Amount in ₹ crore)

Sr. No.	Item	As during		Percentage Variation	
		2021-22	2022-23P	2021-22	2022-23
1	2	3	4	5	6
A.	**Income (i+ii)**	**2,457**	**3,412**	**4.8**	**38.9**
		(100.00)	**(100.00)**		
	i. Interest Income	2,069	2,364	-4.1	14.2
		(84.2)	(69.3)		
	ii. Other Income	388	1,049	107.9	170.4
		(15.8)	(30.7)		
B.	**Expenditure (i+ii+iii)**	**2,373**	**3,004**	**8.8**	**26.6**
		(100.00)	**(100.00)**		
	i. Interest Expended	1,009	1,035	-14.3	2.6
		(42.5)	(34.4)		
	ii. Provisions and Contingencies	614	563	32.3	-8.3
		(25.9)	(18.7)		
	iii. Operating Expenses	750	1,407	39.2	87.5
		(31.6)	(46.8)		
	Of which, Wage Bill	390	395	12.1	1.2
		(16.5)	(13.1)		
C.	**Profits**				
	i. Operating Profits	698	971	11.2	39.0
	ii. Net Profits	85	408	-48.4	382.0

Notes: 1. Figures in parentheses are proportion to total liabilities/assets (in per cent).
2. Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore in the table.
3. Components may not add up to the total due to rounding off.
4. P- Provisional.

Source: NABARD.

Appendix Table V.10: Asset Quality of State Co-operative Agriculture and Rural Development Banks

(Amount in ₹ crore)

Item	At end-March		Percentage Variation	
	2022	2023P	2021-22	2022-23
1	2	3	4	5
A. Total NPAs (i+ii+iii)	**7,522**	**7,571**	**8.4**	**0.7**
i. Sub-standard	2,786	2,362	19.2	-15.2
	(37)	(31.2)		
ii. Doubtful	4,701	5,173	2.9	10.0
	(62.5)	(68.3)		
iii. Loss	35	35	-1.2	2.2
	(0.5)	(0.5)		
B. Gross NPA Ratio (%)	**36.1**	**36.5**		
C. Recovery to Demand Ratio (%)	**40.8**	**42.8**		

Notes: 1. Figures in parentheses are proportions to total NPAs.
2. Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore in the table.
3. Components may not add up to the total due to rounding off.
4. P- Provisional.

Source: NABARD.

Appendix Table V.11: Financial Indicators of State Co-operative Agriculture and Rural Development Banks - State-wise

(At end-March)

(Amount in ₹ lakh)

Sr. No.	Region/State/UT	Branches	Profit / Loss		NPAs to Loans ratio (%)		Recovery Ratio (%) (at end-June)	
		2023	2022	2023P	2022	2023P	2021	2022P
1	2	3	4	5	6	7	8	9
	Northern region	**104**	**-5,825**	**16,336**	**57.2**	**62.9**	**18.5**	**22.4**
1	Haryana @	0	-4,873	-2,057	77.6	76.6	11.6	11.6
2	Himachal Pradesh #	51	185	-165	42.7	38.0	42.6	41.0
3	Jammu & Kashmir*	51	-2,283	-1,790	49.4	55.0	30.7	32.4
4	Punjab @	0	273	19,680	45.3	62.0	25.7	42.2
5	Rajasthan @	2	873	669	53.8	55.6	18.2	16.7
	North-eastern region	**5**	**-38**	**16**	**99.5**	**98.3**	**8.8**	**29.8**
6	Assam*	-	-	-	-	-	-	-
7	Tripura*	5	-38	16	99.5	98.3	8.8	29.8
	Eastern region	**11**	**615**	**700**	**24.5**	**24.7**	**33.9**	**34.7**
8	Bihar*	-	-	-	-	-	-	-
9	Odisha @	-	-	-	-	-	-	-
10	West Bengal #	11	615	700	24.5	24.7	33.9	34.7
	Central region	**323**	**491**	**9,808**	**80.2**	**81.9**	**29.1**	**29.1**
11	Chhattisgarh @	-	-	-	-	-	-	-
12	Madhya Pradesh @	-	-	-	-	-	-	-
13	Uttar Pradesh*	323	491	9,808	80.2	81.9	29.1	29.1
	Western region	**176**	**3,331**	**6,006**	**58.5**	**44.1**	**9.0**	**14.4**
14	Gujarat*	176	3,331	6,006	58.5	44.1	9.0	14.4
15	Maharashtra @	-	-	-	-	-	-	-
	Southern region	**73**	**9,892**	**7,936**	**15.9**	**14.1**	**71.0**	**73.9**
16	Karnataka @	25	2,930	4	33.0	38.7	32.2	32.0
17	Kerala @	16	2,930	3,447	11.1	8.3	84.0	86.5
18	Puducherry*	1	15	22	8.1	8.8	89.5	91.2
19	Tamil Nadu @	31	4,018	4,464	22.0	11.6	79.9	88.6
	All India	**692**	**8,466**	**40,803**	**36.1**	**36.5**	**40.8**	**42.8**

@: Federal structure. #: Mixed structure. *: Unitary structure. -: Not applicable.

Notes: 1. Components may not add up to the exact total/s due to rounding off.

2. In Chhattisgarh the short-term co-operative credit structure merged with long term during 2014-15. Also, Assam, Bihar, Odisha, Madhya Pradesh and Maharashtra are no longer functional SCARDBs.

3. Recovery for the financial year is taken as on 30th June.

4. P- Provisional.

Source: NABARD.

Appendix Table V.12: Liabilities and Assets of Primary Co-operative Agriculture and Rural Development Banks

(Amount in ₹ crore)

Item	At end-March		Percentage Variation	
	2022	2023P	2021-22	2022-23
1	**2**	**3**	**4**	**5**
Liabilities				
1. Capital	1,076	1,094	0.1	1.7
	(3.2)	(3.4)		
2. Reserves	4,402	4,433	44.6	0.7
	(13.2)	(13.7)		
3. Deposits	1,675	1,720	6.6	2.7
	(5)	(5.3)		
4. Borrowings	17,286	16,712	1.4	-3.3
	(51.7)	(51.5)		
5. Other Liabilities	9,022	8,486	-9.9	-5.9
	(27)	(26.2)		
Assets				
1. Cash and Bank Balances	557	420	8.4	-24.7
	(1.7)	(1.3)		
2. Investments	2,305	2,378	-13.6	3.2
	(6.9)	(7.3)		
3. Loans and Advances	16,623	15,773	3.1	-5.1
	(49.7)	(48.6)		
4. Accumulated Losses	6,545	6,664	10.2	1.8
	(19.6)	(20.5)		
5. Other Assets	7,431	7,210	-0.8	-3.0
	(22.2)	(22.2)		
Total Liabilities/Assets	**33,461**	**32,445**	**2.2**	**-3.0**
	(100.00)	**(100.00)**		

Notes: 1. Figures in parentheses are proportion to total liabilities/assets (in per cent).
2. Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore in the table.
3. Components may not add up to the total due to rounding off.
4. P - Provisional Data.

Source: NABARD.

Appendix Table V.13: Financial Performance of Primary Co-operative Agriculture and Rural Development Banks

(Amount in ₹ crore)

Item	As during		Percentage Variation	
	2021-22	2022-23[P]	2021-22	2022-23
1	2	3	4	5
A. Income (i+ii)	**2,877**	**3,419**	**-3.3**	**18.8**
	(100.00)	**(100.00)**		
i. Interest Income	1,824	1,912	-9.9	4.8
	(63.4)	(55.9)		
ii. Other Income	1,053	1,507	10.7	43.1
	(36.6)	(44.1)		
B. Expenditure (i+ii+iii)	**3,467**	**3,199**	**0.2**	**-7.7**
	(100.00)	**(100.00)**		
i. Interest Expended	1,701	1,632	-6.4	-4.1
	(49.1)	(51)		
ii. Provisions and Contingencies	1,067	948	-1.3	-11.1
	(30.8)	(29.6)		
iii. Operating Expenses	698	619	24.2	-11.4
	(20.1)	(19.3)		
Of which, Wage Bill	493	433	47.2	-12.2
	(14.2)	(13.5)		
C. Profits				
i. Operating Profits	478	1,168	-20.0	144.5
ii. Net Profits	-589	220		

Notes: 1. Figures in parentheses are proportion to total income/expenditure (in per cent).
2. Y-o-y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore in the table.
3. Components may not add up to the total due to rounding off.
4. P - Provisional Data.

Source: NABARD.

Appendix Table V.14: Asset Quality of Primary Co-operative Agriculture and Rural Development Banks

(Amount in ₹ crore)

Item	At end-March		Percentage Variation	
	2022	2023P	2021-22	2022-23
1	2	3	4	5
A. Total NPAs (i+ii+iii)	**6,768**	**6,371**	**-0.7**	**-5.9**
i. Sub-standard	2,925	2,552	-9.9	-12.8
	(43.2)	(40)		
ii. Doubtful	3,812	3,784	7.3	-0.7
	(56.3)	(59.4)		
iii. Loss	30	36	63.0	17.9
	(0.4)	(0.6)		
B. Gross NPA Ratio (%)	**40.7**	**40.4**	-	-
C. Recovery to Demand Ratio (%)	**35.6**	**39.1**	-	-

Notes: 1. Figures in parentheses are proportions to total NPAs.
2. Y-o-Y variations could be slightly different because absolute numbers have been rounded off to ₹1 crore in the table.
3. Components may not add up to the total due to rounding off.
4. P - Provisional Data.
5. Recovery for the financial year is taken as on 30th June.

Source: NABARD.

Appendix Table V.15: Major Financial Indicators of Primary Co-operative Agriculture and Rural Developments Banks

(Amount in ₹ lakh)

State	2021-22				2022-23 P				NPAs to Loans ratio (%)		Recovery ratio (%) (At end-June)	
	Profit		Loss		Profit		Loss					
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	2022	2023P	2021	2022P
1	2	3	4	5	6	7	8	9	10	11	12	13
Northern Region	**18**	**985**	**127**	**40,600**	**102**	**35,310**	**43**	**14,821**	**69.9**	**70.8**	**16.0**	**16.5**
Haryana	0	0	19	17,266	0	0	19	8,088	85.0	86.5	10.2	12.2
Himachal Pradesh	0	0	1	55	0	0	1	164	34.6	31.8	52.1	53.6
Punjab	5	355	84	16,642	87	34,866	2	97	78.7	84.0	13.6	13.5
Rajasthan	13	630	23	6,638	15	444	21	6,472	40.1	35.8	32.6	31.3
Central Region	-	-	-	-	-	-	-	-	-	-	-	-
Chhattisgarh	-	-	-	-	-	-	-	-	-	-	-	-
Madhya Pradesh	-	-	-	-	-	-	-	-	-	-	-	-
Eastern Region	**12**	**1,995**	**12**	**2,535**	**8**	**2,630**	**16**	**3,259**	**35.4**	**34.2**	**38.1**	**36.2**
Odisha	-	-	-	-	-	-	-	-	-	-	-	-
West Bengal	12	1,995	12	2,535	8	2,630	16	3,259	35.4	34.2	38.1	36.2
Western Region	-	-	-	-	-	-	-	-	-	-	-	-
Maharashtra	-	-	-	-	-	-	-	-	-	-	-	-
Southern Region	**173**	**6,562**	**262**	**25,331**	**241**	**14,539**	**193**	**12,427**	**30.5**	**30.0**	**58.6**	**64.4**
Karnataka	48	2,620	131	8,097	56	1,997	124	8,386	20.5	19.9	58.0	58.5
Kerala	30	2,528	46	12,040	59	9,154	15	2,102	33.8	34.8	57.5	63.6
Tamil Nadu	95	1,414	85	5,194	126	3,387	54	1,939	20.1	12.5	68.3	80.5
All India	**203**	**9,542**	**401**	**68,467**	**351**	**52,478**	**252**	**30,507**	**40.7**	**40.4**	**35.6**	**39.1**

Notes:
1. In Chhattisgarh the short-term co-operative credit structure merged with long-term during 2014-15.
2. Components may not add up to the total due to rounding off.
3. P - Provisional Data
4. Recovery for the financial year is taken as on 30th June.
5. Data for financial year 2022-23 is available in respect of 603 of 608 reported PCARDBs.

Source: NABARD.

Appendix Table VI.1: Consolidated Balance Sheet of NBFCs

(Amount in ₹ crore)

Items	End-March 2022	End-March 2023	End-March 2024	End-September 2024	Percentage variation 2023-24
1	2	3	4	5	6
1. Share Capital	1,11,939	1,21,904	1,47,168	1,43,974	20.7
2. Reserves & Surplus	6,81,772	8,40,859	10,07,781	10,97,033	19.9
3. Public Deposits	70,564	85,254	1,02,994	1,12,512	20.8
4. Total Borrowings (A+B)	25,45,808	29,74,034	34,46,024	36,92,670	15.9
A. Secured Borrowings	14,66,499	17,44,236	20,14,281	21,59,496	15.5
A.1. Debentures	5,70,619	6,21,407	6,65,740	7,22,876	7.1
A.2. Borrowings from Banks	7,29,122	9,05,331	10,70,442	11,24,714	18.2
A.3. Borrowings from FIs	56,484	73,218	94,328	89,892	28.8
A.4. Interest Accrued	19,520	15,220	17,011	33,966	11.8
A.5. Others	90,754	1,29,060	1,66,760	1,88,049	29.2
B. Un-Secured Borrowings	10,79,309	12,29,798	14,31,742	15,33,174	16.4
B.1. Debentures	4,36,537	4,84,536	5,63,256	6,05,327	16.2
B.2. Borrowings from Banks	1,80,357	2,18,416	2,61,177	2,69,610	19.6
B.3. Borrowings from FIs	9,654	13,071	17,424	19,114	33.3
B.4. Borrowings from Relatives	2,919	2,598	2,624	2,621	1.0
B.5. Inter-Corporate Borrowings	84,223	1,01,924	1,04,788	1,17,369	2.8
B.6. Commercial Paper	68,568	83,529	1,05,374	1,16,143	26.2
B.7. Interest Accrued	17,061	17,716	21,021	22,450	18.7
B.8. Others	2,79,989	3,08,008	3,56,077	3,80,542	15.6
5. Current Liabilities & Provisions	3,08,930	3,35,068	3,64,639	4,07,402	8.8
Total Liabilities/ Total Assets	**37,19,012**	**43,57,119**	**50,68,607**	**54,53,592**	**16.3**
1. Loans & Advances	28,95,753	33,99,655	40,27,478	42,92,708	18.5
1.1. Secured	21,00,743	23,63,698	31,15,385	32,47,905	31.8
1.2. Un-Secured	7,95,010	10,35,957	9,12,093	10,44,803	-12.0
2. Investments	4,35,053	5,16,141	6,24,260	6,93,397	20.9
2.1. Govt. Securities	65,406	93,677	1,22,147	1,33,764	30.4
2.2. Equity Shares	2,32,800	2,54,920	3,39,837	3,73,979	33.3
2.3. Preference Shares	4,362	17,474	12,104	6,270	-30.7
2.4. Debentures & Bonds	32,265	33,287	35,577	43,551	6.9
2.5. Units of Mutual Funds	62,612	63,917	57,272	73,775	-10.4
2.6. Commercial Paper	1,714	2,311	2,547	4,552	10.2
2.7. Other Investments	35,894	50,556	54,777	57,505	8.3
3. Cash & Bank Balances	1,68,099	1,73,802	1,72,422	2,01,157	-0.8
3.1. Cash in Hand	5,195	6,377	6,446	4,948	1.1
3.2. Deposits with Banks	1,49,547	1,54,876	1,51,525	1,79,584	-2.2
4. Others	2,20,106	2,67,520	2,44,446	2,66,330	-8.6
Memo Items					
1. Capital Market Exposure	2,22,019	2,71,505	3,74,072	3,55,037	37.8
of which: Equity Shares	1,59,728	1,87,270	2,71,512	2,42,775	45.0
2. CME as per cent to Total Assets	6.0	6.2	7.4	6.5	
3. Leverage Ratio	2.4	2.3	2.1	2.2	

Notes: 1. Data are provisional.
2. Data given for 2021-22, 2022-23, 2023-24 are for NBFCs (excluding CICs, HFCs & SPDs) falling in Upper layer and Middle layer as on March 31, 2024.
3. Percentage figures are rounded-off.

Source: Quarterly returns of NBFCs, RBI.

Appendix Table VI.2: Consolidated Balance Sheet of NBFC-UL

(Amount in ₹ crore)

Item	End-March 2022	End-March 2023	End-March 2024	End-September 2024	Percentage variation 2023-24
1	2	3	4	5	6
1. Share Capital	7,000	7,344	9,034	5,299	23.0
2. Reserves & Surplus	1,50,838	1,91,938	2,45,188	2,47,205	27.7
3. Public Deposits	47,609	64,797	83,102	92,707	28.2
4. Total Borrowings (A+B)	5,89,763	7,48,506	9,53,405	9,60,200	27.4
A. Secured Borrowings	5,06,124	6,40,877	8,17,360	8,34,850	27.5
A.1. Debentures	1,87,833	2,13,684	2,56,627	2,63,501	20.1
A.2. Borrowings from Banks	2,48,512	3,18,979	4,08,471	4,07,733	28.1
A.3. Borrowings from FIs	18,143	30,005	44,041	28,807	46.8
A.4. Interest Accrued	7,874	6,165	8,229	8,460	33.5
A.5. Others	43,762	72,044	99,993	1,26,350	38.8
B. Un-Secured Borrowings	83,639	1,07,630	1,36,045	1,25,349	26.4
B.1. Debentures	9,802	11,731	14,817	13,173	26.3
B.2. Borrowings from Banks	6,318	6,218	4,602	4,740	-26.0
B.3. Borrowings from FIs	-	-	-	-	
B.4. Borrowings from Relatives	973	615	700	652	13.7
B.5. Inter-Corporate Borrowings	12,769	21,059	25,589	27,971	21.5
B.6. Commercial Paper	24,511	39,550	54,146	48,326	36.9
B.7. Interest Accrued	1,593	1,889	2,569	2,303	36.0
B.8. Others	27,673	26,568	33,622	28,184	26.5
5. Current Liabilities & Provisions	50,849	58,463	68,793	68,374	17.7
Total Liabilities/ Total Assets	**8,46,058**	**10,71,050**	**13,59,521**	**13,73,785**	**26.9**
1. Loans & Advances	7,27,253	9,18,302	11,85,621	11,94,234	29.1
1.1. Secured	5,71,374	6,91,720	8,95,934	9,03,899	29.5
1.2. Un-Secured	1,55,878	2,26,582	2,89,687	2,90,335	27.9
2. Investments	50,703	75,479	95,189	89,520	26.1
2.1. Govt. Securities	25,677	37,465	50,634	46,854	35.2
2.2. Equity Shares	10,265	14,195	21,454	17,299	51.1
2.3. Preference Shares	50	114	35	15	-69.6
2.4. Debentures & Bonds	2,247	1,608	1,634	2,236	1.6
2.5. Units of Mutual Funds	4,590	10,567	7,116	7,253	-32.7
2.6. Commercial Paper	-	691	1,005	2,017	45.3
2.7. Other Investments	7,875	10,838	13,312	13,848	22.8
3. Cash & Bank Balances	45,483	46,946	43,228	56,110	-7.9
3.1. Cash in Hand	726	673	853	1,358	26.7
3.2. Deposits with Banks	38,171	44,046	38,463	49,823	-12.7
4. Others	22,619	30,323	35,483	33,921	17.0
Memo Items					
1. Capital Market Exposure	30,320	41,880	48,744	54,870	16.4
of which: Equity Shares	5,017	10,553	16,504	16,787	56.4
2. CME as per cent to Total Assets	3.6	3.9	3.6	4.0	
3. Leverage Ratio	2.3	2.4	2.3	2.4	

Notes: 1. Data are provisional.
2. Data given for 2021-22, 2022-23, 2023-24 are for NBFCs (excluding CICs, HFCs & SPDs) falling in Upper layer and Middle layer as on March 31, 2024.
3. Percentage figures are rounded-off.

Source: Quarterly returns of NBFCs, RBI.

Appendix Table VI.3: Consolidated Balance Sheet of NBFC-ML

(Amount in ₹ crore)

Item	End-March 2022	End-March 2023	End-March 2024	End-September 2024	Percentage variation 2023-24
1	2	3	4	5	6
1. Share Capital	1,04,939	1,14,559	1,38,135	1,38,675	20.6
2. Reserves & Surplus	5,30,934	6,48,921	7,62,594	8,49,827	17.5
3. Public Deposits	22,955	20,457	19,893	19,805	-2.8
4. Total Borrowings (A+B)	19,56,046	22,25,527	24,92,619	27,32,471	12.0
A. Secured Borrowings	9,60,375	11,03,359	11,96,921	13,24,646	8.5
A.1. Debentures	3,82,786	4,07,723	4,09,113	4,59,375	0.3
A.2. Borrowings from Banks	4,80,610	5,86,352	6,61,971	7,16,981	12.9
A.3. Borrowings from FIs	38,342	43,213	50,288	61,085	16.4
A.4. Interest Accrued	11,646	9,055	8,783	25,506	-3.0
A.5. Others	46,992	57,016	66,767	61,699	17.1
B. Un-Secured Borrowings	9,95,670	11,22,168	12,95,697	14,07,825	15.5
B.1. Debentures	4,26,736	4,72,806	5,48,440	5,92,154	16.0
B.2. Borrowings from Banks	1,74,038	2,12,199	2,56,574	2,64,870	20.9
B.3. Borrowings from FIs	9,654	13,071	17,424	19,114	33.3
B.4. Borrowings from Relatives	1,947	1,983	1,924	1,968	-2.9
B.5. Inter-Corporate Borrowings	71,454	80,864	79,199	89,398	-2.1
B.6. Commercial Paper	44,058	43,979	51,228	67,816	16.5
B.7. Interest Accrued	15,468	15,827	18,452	20,147	16.6
B.8. Others	2,52,316	2,81,440	3,22,455	3,52,358	14.6
5. Current Liabilities & Provisions	2,58,081	2,76,605	2,95,846	3,39,029	7.0
Total Liabilities/ Total Assets	**28,72,954**	**32,86,069**	**37,09,086**	**40,79,806**	**12.9**
1. Loans & Advances	21,68,501	24,81,353	28,41,857	30,98,474	14.5
1.1. Secured	15,29,369	16,71,978	22,19,451	23,44,006	32.7
1.2. Un-Secured	6,39,132	8,09,375	6,22,406	7,54,469	-23.1
2. Investments	3,84,350	4,40,663	5,29,071	6,03,877	20.1
2.1. Govt. Securities	39,729	56,212	71,513	86,911	27.2
2.2. Equity Shares	2,22,535	2,40,725	3,18,383	3,56,681	32.3
2.3. Preference Shares	4,313	17,360	12,069	6,256	-30.5
2.4. Debentures & Bonds	30,018	31,679	33,943	41,315	7.1
2.5. Units of Mutual Funds	58,022	53,350	50,156	66,522	-6.0
2.6. Commercial Paper	1,714	1,620	1,542	2,535	-4.8
2.7. Other Investments	28,019	39,717	41,465	43,658	4.4
3. Cash & Bank Balances	1,22,616	1,26,856	1,29,194	1,45,047	1.8
3.1. Cash in Hand	4,469	5,704	5,594	3,590	-1.9
3.2. Deposits with Banks	1,11,376	1,10,830	1,13,061	1,29,761	2.0
4. Others	1,97,487	2,37,197	2,08,963	2,32,409	-11.9
Memo Items					
1. Capital Market Exposure	1,91,700	2,29,625	3,25,328	3,00,167	41.7
of which: Equity Shares	1,54,711	1,76,717	2,55,008	2,25,988	44.3
2. CME as per cent to Total Assets	6.7	7.0	8.8	7.4	
3. Leverage Ratio	2.4	2.2	2.0	2.1	

Notes:
1. Data are provisional.
2. Data given for 2021-22, 2022-23, 2023-24 are for NBFCs (excluding CICs, HFCs & SPDs) falling in Upper layer and Middle layer as on March 31, 2024.
3. Percentage figures are rounded-off.

Source: Quarterly returns of NBFCs, RBI.

Appendix Table VI.4: Consolidated Balance Sheet of NBFCs-D

(Amount in ₹ crore)

Item	End-March 2022	End-March 2023	End-March 2024	End-September 2024	Percentage variation 2023-24
1	2	3	4	5	6
1. Share Capital	7,048	8,178	8,075	8,170	-1.3
2. Reserves & Surplus	1,04,963	1,28,224	1,55,219	1,67,891	21.1
3. Public Deposits	70,564	85,254	1,02,994	1,12,512	20.8
4. Total Borrowings (A+B)	3,01,017	3,65,642	4,57,846	5,07,693	25.2
A. Secured Borrowings	2,60,271	3,06,685	3,82,154	4,33,172	24.6
A.1. Debentures	1,02,909	1,09,487	1,25,077	1,51,047	14.2
A.2. Borrowings from Banks	1,19,735	1,30,355	1,72,039	1,89,245	32.0
A.3. Borrowings from FIs	11,370	9,748	10,946	9,978	12.3
A.4. Interest Accrued	3,657	2,678	3,294	4,349	23.0
A.5. Others	22,600	54,418	70,797	78,553	30.1
B. Un-Secured Borrowings	40,746	58,957	75,692	74,521	28.4
B.1. Debentures	6,094	7,553	7,902	8,118	4.6
B.2. Borrowings from Banks	85	905	652.47	451.4189	-27.9
B.3. Borrowings from FIs	-	-	0	0	
B.4. Borrowings from Relatives	48	52	73.1331	0	40.6
B.5. Inter-Corporate Borrowings	11,106	18,216	23,119	26,582	26.9
B.6. Commercial Paper	7,899	16,589	27,682	24,491	66.9
B.7. Interest Accrued	1,066	1,476	1,712	1,809	16.0
B.8. Others	14,448	14,166	14,550	13,071	2.7
5. Current Liabilities & Provisions	71,159	73,639	79,885	88,959	8.5
Total Liabilities/ Total Assets	**5,54,751**	**6,60,937**	**8,04,019**	**8,85,225**	**21.6**
1. Loans & Advances	4,63,831	5,52,904	6,86,374	7,46,825	24.1
1.1. Secured	3,59,896	4,25,438	5,30,345	5,30,483	24.7
1.2. Un-Secured	1,03,935	1,27,467	1,56,029	2,16,342	22.4
2. Investments	45,953	59,872	69,038	78,113	15.3
2.1. Govt. Securities	25,655	30,383	39,992	37,362	31.6
2.2. Equity Shares	12,279	14,894	16,337	19,020	9.7
2.3. Preference Shares	3	67	5.6735	5.6735	-91.5
2.4. Debentures & Bonds	317	888	503.4778	1007.4021	-43.3
2.5. Units of Mutual Funds	4,523	6,844	3,766	6,332	-45.0
2.6. Commercial Paper	100	705	1735.9268	2625.9386	146.2
2.7. Other Investments	3,077	6,092	6,698	11,759	10.0
3. Cash & Bank Balances	32,750	29,323	27,796	36,105	-5.2
3.1. Cash in Hand	637	612	1088.0694	1133.5392	77.8
3.2. Deposits with Banks	32,112	28,711	22,653	30,446	-21.1
4. Others	12,217	18,838	20,810	24,182	10.5
Memo Items					
1. Capital Market Exposure	15,798	27,544	38,966	41,836	41.5
of which: Equity Shares	595	2407	14833	15047	516.2
2. CME as per cent to Total Assets	2.8	4.2	4.8	4.7	
3. Leverage Ratio	4.2	4.2	2.2	2.3	

Notes:
1. Data are provisional.
2. Data given for 2021-22, 2022-23, 2023-24 are for NBFCs (excluding CICs, HFCs & SPDs) falling in Upper layer and Middle layer as on March 31, 2024.
3. Percentage figures are rounded-off.

Source: Quarterly returns of NBFCs, RBI.

Appendix Table VI.5: Credit to Various Sectors by NBFCs

(Amount in ₹ crore)

Item	End-March 2022	End-March 2023	End-March 2024	End-September 2024	Percentage variation 2023-24
1	2	3	4	5	6
Gross Advances (1 to 5)	**28,95,753**	**33,99,655**	**40,27,528**	**42,92,708**	**18.5**
1. Agriculture and Allied Activities	**52,069**	**60,674**	**84,175**	**89,800**	**38.7**
2. Industry (2.1 to 2.4)	**11,15,957**	**12,69,175**	**14,96,425**	**15,90,339**	**17.9**
2.1 Micro and Small	42,353	69,410	1,00,627	1,21,589	45.0
2.2 Medium	16,013	19,483	20,961	21,504	7.6
2.3 Large	8,90,104	10,21,373	12,32,434	13,00,359	20.7
2.4 Others, if any, Please specify	1,67,486	1,58,908	1,42,404	1,46,887	-10.4
3. Services (3.1 to 3.10 equals 3.a to 3.d)	**3,92,121**	**4,68,009**	**5,66,932**	**6,08,246**	**21.1**
3.1 Transport Operators	1,03,283	1,20,245	1,32,810	1,41,289	10.4
3.2 Computer Software	1,652	2,107	3,082	2,579	46.3
3.3 Tourism, Hotel and Restaurants	5,971	7,519	7,439	7,860	-1.1
3.4 Shipping	172	185	272	216	46.9
3.5 Professional Services	20,154	23,580	25,239	29,377	7.0
3.6 Trade	49,837	69,520	92,324	1,05,415	32.8
3.6.1 Wholesale Trade (other than Food Procurement)	9,290	10,657	14,500	17,632	36.1
3.6.2 Retail Trade	40,547	58,863	77,824	87,784	32.2
3.7 Commercial Real Estate	80,264	81,662	88,512	89,482	8.4
3.8 NBFCs	33,774	47,664	60,356	64,319	26.6
3.9 Aviation	1,143	826	455	438	-44.9
3.10 Other Services	95,873	1,14,700	1,56,442	1,67,272	36.4
Total 3.a to 3.d	**3,92,121**	**4,68,009**	**5,66,932**	**6,08,246**	**21.1**
3.a Micro and Small	1,11,482	1,60,253	2,09,555	2,24,653	30.8
3.b Medium	17,503	20,322	28,550	25,073	40.5
3.c Large	76,915	78,518	80,697	95,366	2.8
3.d Others	1,86,221	2,08,917	2,48,129	2,63,155	18.8
4. Retail Loans (4.1 to 4.10)	**8,19,433**	**10,45,168**	**13,69,820**	**15,02,697**	**31.1**
4.1 Housing Loans (incl. priority sector Housing)	22,340	32,172	33,600	38,467	4.4
4.2 Consumer Durables	24,771	31,541	40,957	48,142	29.9
4.3 Credit Card Receivables	32,710	44,007	55,736	61,171	26.7
4.4 Vehicle/Auto Loans	3,26,347	3,82,825	4,74,839	5,17,092	24.0
4.5 Education Loans	14,145	25,324	44,904	58,466	77.3
4.6 Advances against Fixed Deposits (incl. FCNR(B), etc.)	41	213	151	202	-29.3
4.7 Advances to Individuals against Shares, Bonds, etc.	11,473	13,389	21,780	23,991	62.7
4.8 Advances to Individuals against Gold	1,18,501	1,28,774	1,53,481	1,74,325	19.2
4.9 Micro finance loan/SHG Loan	76,223	1,15,187	1,48,503	1,44,162	28.9
4.10 Other Retail Loans	1,92,881	2,71,735	3,95,868	4,36,679	45.7
5. Other Credit	**5,16,173**	**5,56,630**	**5,10,174**	**5,01,626**	**-8.3**

Notes: 1. Data are provisional.
2. Data given for 2021-22, 2022-23, 2023-24 are for NBFCs (excluding CICs, HFCs & SPDs) falling in Upper layer and Middle layer as on March 31, 2024.
3. Percentage figures are rounded-off.

Source: Quarterly returns of NBFCs, RBI.

Appendix Table VI.6: Financial Performance of NBFC-UL

(Amount in ₹ crore)

Items	2021-22	2022-23	2023-24	H1: 2024-25
1	2	3	4	5
A. Total Income	**1,12,952**	**1,41,310**	**1,82,115**	**1,01,219**
(i) Fund Based Income	1,07,477	1,32,676	1,71,480	95,976
	(95.2)	(93.9)	(94.2)	(94.8)
(ii) Fee Based Income	588	2,424	4,219	2,314
	(0.5)	(1.7)	(2.3)	(2.3)
B. Expenditure	**86,201**	**1,02,181**	**1,30,395**	**71,939**
(i) Financial Expenditure	43,258	52,579	72,748	39,868
	(50.2)	(51.5)	(55.8)	(55.4)
of which, Interest payment	21,849	29,132	42,930	24,514
	(25.3)	(28.5)	(32.9)	(34.1)
(ii) Operating Expenditure	22,903	30,588	37,349	19,606
	(26.6)	(29.9)	(28.6)	(27.3)
(iii) Others	20,039	19,014	20,298	12,465
	(23.2)	(18.6)	(15.6)	(17.3)
C. Tax Provisions	**6,823**	**10,373**	**13,102**	**7,263**
D. Profit Before Tax	**26,751**	**39,129**	**51,720**	**29,280**
E. Net Profit	**19,928**	**28,756**	**38,618**	**22,017**
F. Total Assets	**8,46,058**	**10,71,050**	**13,59,521**	**13,73,785**
G. Financial Ratios (as Per cent of Total Assets)				
(i) Income	13.4	13.2	13.4	14.7
(ii) Fund Income	12.7	12.4	12.6	14.0
(iii) Fee Income	0.1	0.2	0.3	0.3
(iv) Expenditure	10.2	9.5	9.6	10.5
(v) Financial Expenditure	5.1	4.9	5.4	5.8
(vi) Operating Expenditure	2.7	2.9	2.7	2.9
(vii) Tax Provision	0.8	1.0	1.0	1.1
(viii) Net Profit	2.4	2.7	2.8	3.2
H. Cost to Income (percentage)	**76.3**	**72.3**	**71.6**	**71.1**

Notes: 1. Data are provisional and H1: 2024-25 ratios have been annualised.

2. Total income includes non-financial income as well, which is not reported in the table.

3. Data given for 2021-22, 2022-23, 2023-24 are for NBFCs (excluding CICs, HFCs & SPDs) falling in Upper layer and Middle layer as on March 31, 2024.

4. Figures in parentheses are share (in per cent) to respective total.

5. Percentage figures are rounded-off.

Source: Quarterly returns of NBFCs, RBI.

Appendix Table VI.7: Financial Performance of NBFC-ML

(Amount in ₹ crore)

Items	2021-22	2022-23	2023-24	H1: 2024-25
1	2	3	4	5
A. Total Income	**2,63,729**	**3,22,712**	**4,01,842**	**2,28,365**
(i) Fund Based Income	2,45,353	2,79,241	3,68,892	2,12,037
	(93)	(86.5)	(91.8)	(92.9)
(ii) Fee Based Income	11,452	14,522	18,211	10,117
	(4.3)	(4.5)	(4.5)	(4.4)
B. Expenditure	**2,08,718**	**2,30,457**	**2,79,370**	**1,63,223**
(i) Financial Expenditure	1,25,178	1,40,759	1,69,159	99,662
	(60)	(61.1)	(60.6)	(61.1)
of which, Interest payment	58,582	72,485	94,985	48,447
	(28.1)	(31.5)	(34)	(29.7)
(ii) Operating Expenditure	37,493	47,232	58,601	35,189
	(18)	(20.5)	(21)	(21.6)
(iii) Others	46,046	42,465	51,610	28,372
	(22.1)	(18.4)	(18.5)	(17.4)
C. Tax Provisions	**13,426**	**14,904**	**23,958**	**10,971**
D. Profit Before Tax	**55,011**	**92,255**	**1,22,473**	**65,142**
E. Net Profit	**41,585**	**77,351**	**98,515**	**54,171**
F. Total Assets	**28,72,954**	**32,86,069**	**37,09,086**	**40,79,806**
G. Financial Ratios (as Per cent of Total Assets)				
(i) Income	9.2	9.8	10.8	11.2
(ii) Fund Income	8.5	8.5	9.9	10.4
(iii) Fee Income	0.4	0.4	0.5	0.5
(iv) Expenditure	7.3	7.0	7.5	8.0
(v) Financial Expenditure	4.4	4.3	4.6	4.9
(vi) Operating Expenditure	1.3	1.4	1.6	1.7
(vii) Tax Provision	0.5	0.5	0.6	0.5
(viii) Net Profit	1.4	2.4	2.7	2.7
H. Cost to Income (percentage)	**79.1**	**71.4**	**69.5**	**71.5**

Notes:
1. Data are provisional and H1: 2024-25 ratios have been annualised.
2. Total income includes non-financial income as well, which is not reported in the table.
3. Data given for 2021-22, 2022-23, 2023-24 are for NBFCs (excluding CICs, HFCs & SPDs) falling in Upper layer and Middle layer as on March 31, 2024.
4. Figures in parentheses are share (in per cent) to respective total.
5. Percentage figures are rounded-off.

Source: Quarterly returns of NBFCs, RBI.

Appendix Table VI.8: Financial Assistance Sanctioned and Disbursed by Financial Institutions *(Continued)*

(Amount in ₹ crore)

Institutions	Loans*							
	2022-23		2023-24		Apr-Sep 2023		Apr-Sep 2024	
	S	D	S	D	S	D	S	D
1	2	3	4	5	6	7	8	9
A. All India financial institutions (1 to 5)	**7,98,186**	**7,53,909**	**9,55,137**	**8,73,592**	**4,41,252**	**3,14,050**	**3,69,686**	**2,87,209**
1. NABARD	3,83,494	3,64,248	4,42,156	4,36,033	1,67,846	96,819	1,65,768	1,05,670
2. SIDBI	2,86,308	2,79,309	3,02,581	2,94,942	1,71,759	1,65,598	1,13,520	1,14,244
3. EXIM Bank	66,969	64,875	91,672	84,696	52,153	30,650	53,393	40,313
4. NHB@	42,905	35,701	35,671	32,085	23,243	15,260	16,275	12,310
5. NaBFID	18,511	9,775	83,058	25,836	26,252	5,722	20,729	14,672
B. Specialised financial institutions (6, 7 and 8)	**750**	**561**	**1,364**	**763**	**647**	**264**	**943**	**423**
6. IVCF	-	-	-	-	-	-	-	-
7. ICICI venture	-	-	-	-	-	-	-	-
8. TFCI	750	561	1,364	763	647	264	943	423
C. Investment institutions (9 and 10)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. LIC	-	-	-	-	-	-	-	-
10. GIC	-	-	-	-	-	-	-	-
D. Financial Institutions (A+B+C)	**7,98,936**	**7,54,469**	**9,56,500**	**8,74,355**	**4,41,899**	**3,14,313**	**3,70,629**	**2,87,632**
E. State level institutions (11 and 12)	**4,910**	**4,579**	**4,606**	**5,256**	**..**	**..**	**..**	**..**
11. SFCs^	4,910	4,579	4,606	5,256	..	..	..	..
12. SIDCs	..	..	..	..	..	..	..	..
F. Total assistance by all financial institutions (D+E)	**8,03,847**	**7,59,048**	**9,61,106**	**8,79,611**	**4,41,899**	**3,14,313**	**3,70,629**	**2,87,632**

S: Sanctions. D: Disbursements. -: Nil. .. : Not Available. n.m.: Not Meaningful.

*: Loans include rupee loans and foreign currency loans.

@: NHB data pertain to July-June.

#: Others include guarantees.

^: Data pertain to four SFCs.

Notes: 1. Data are provisional.

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

Source: The respective financial institutions.

Appendix Table VI.8: Financial Assistance Sanctioned and Disbursed by Financial Institutions *(Continued)*

(Amount in ₹ crore)

Institutions	Underwriting and Direct Subscription							
	2022-23		2023-24		Apr-Sep 2023		Apr-Sep 2024	
	S	D	S	D	S	D	S	D
1	10	11	12	13	14	15	16	17
A. All India financial institutions (1 to 5)	1,806	1,476	-	-	-	9	-	-
1. NABARD	-	-	-	-	-	-	-	-
2. SIDBI	1,806	1,476	-	-	-	9	-	-
3. EXIM Bank	-	-	-	-	-	-	-	-
4. NHB@	-	-	-	-	-	-	-	-
5. NaBFID	-	-	-	-	-	-	-	-
B. Specialised financial institutions (6, 7 and 8)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
6. IVCF	-	-	-	-	-	-	-	-
7. ICICI venture	-	-	-	-	-	-	-	-
8. TFCI	-	-	-	-	-	-	-	-
C. Investment institutions (9 and 10)	**1,00,516**	**52,919**	**1,66,525**	**78,584**	**62,950**	**11,934**	**83,050**	**33,177**
9. LIC	1,00,516	52,919	1,66,525	78,584	62,950	11,934	83,050	33,177
10. GIC	-	-	-	-	-	-	-	-
D. Financial Institutions (A+B+C)	**1,02,322**	**54,395**	**1,66,525**	**78,584**	**62,950**	**11,943**	**83,050**	**33,177**
E. State level institutions (11 and 12)	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**
11. SFCs^	..	..	..	..	..	..	..	..
12. SIDCs	..	..	..	..	..	..	..	..
F. Total assistance by all financial institutions (D+E)	**1,02,322**	**54,395**	**1,66,525**	**78,584**	**62,950**	**11,943**	**83,050**	**33,177**

S: Sanctions. D: Disbursements. -: Nil. .. : Not Available. n.m.: Not Meaningful.

*: Loans include rupee loans and foreign currency loans.

@: NHB data pertain to July-June.

#: Others include guarantees.

^: Data pertain to four SFCs.

Notes: 1. Data are provisional.

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

Source: The respective financial institutions.

Appendix Table VI.8: Financial Assistance Sanctioned and Disbursed by Financial Institutions *(Continued)*

(Amount in ₹ crore)

Institutions	Others#							
	2022-23		2023-24		Apr-Sep 2023		Apr-Sep 2024	
	S	D	S	D	S	D	S	D
1	18	19	20	21	22	23	24	25
A. All India financial institutions (1 to 5)	**13,693**	**4,768**	**15,364**	**5,335**	**11,212**	**2,891**	**3,513**	**1,733**
1. NABARD	825	584	493	551	386	142	83	127
2. SIDBI	23	2	9	-	6	-	2	-
3. EXIM Bank	12,796	3,912	14,640	4,377	10,729	2,749	3,402	1,498
4. NHB@	-	-	-	-	-	-	-	-
5. NaBFID	50	270	222	407	91	-	26	108
B. Specialised financial institutions (6, 7 and 8)	**-**	**-**	**90**	**90**	**90**	**90**	**-**	**-**
6. IVCF	-	-	-	-	-	-	-	-
7. ICICI venture	-	-	-	-	-	-	-	-
8. TFCI	-	-	90	90	90	90	-	-
C. Investment institutions (9 and 10)	**605**	**306**	**-**	**245**	**-**	**128**	**-**	**126**
9. LIC	605	306	-	245	-	128	-	126
10. GIC	-	-	-	-	-	-	-	-
D. Financial Institutions (A+B+C)	**14,298**	**5,074**	**15,454**	**5,670**	**11,302**	**3,110**	**3,513**	**1,859**
E. State level institutions (11 and 12)	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**
11. SFCs^	..	..	..	..	..	..	..	..
12. SIDCs	..	..	..	..	..	..	..	..
F. Total assistance by all financial institutions (D+E)	**14,298**	**5,074**	**15,454**	**5,670**	**11,302**	**3,110**	**3,513**	**1,859**

S: Sanctions. D: Disbursements. -: Nil. .. : Not Available. n.m.: Not Meaningful.

*: Loans include rupee loans and foreign currency loans.

@: NHB data pertain to July-June.

#: Others include guarantees.

^: Data pertain to four SFCs.

Notes: 1. Data are provisional.

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

Source: The respective financial institutions.

Appendix Table VI.8: Financial Assistance Sanctioned and Disbursed by Financial Institutions *(Concluded)*

(Amount in ₹ crore)

Institutions	Total								Percentage variation			
	2022-23		2023-24		Apr-Sep 2023		Apr-Sep 2024		2023-24		Apr-Sep 2024	
	S	D	S	D	S	D	S	D	S	D	S	D
1	26	27	28	29	30	31	32	33	34	35	36	37
A. All India financial institutions (1 to 5)	**8,13,685**	**7,60,153**	**9,70,501**	**8,78,927**	**4,52,464**	**3,16,950**	**3,73,200**	**2,88,941**	**19.3**	**15.6**	**-17.5**	**-8.8**
1. NABARD	3,84,319	3,64,832	4,42,649	4,36,584	1,68,232	96,961	1,65,851	1,05,797	15.2	19.7	-1.4	9.1
2. SIDBI	2,88,137	2,80,787	3,02,590	2,94,942	1,71,765	1,65,607	1,13,522	1,14,244	5.0	5.0	-33.9	-31.0
3. EXIM Bank	79,764	68,787	1,06,312	89,073	62,882	33,399	56,796	41,810	33.3	29.5	-9.7	25.2
4. NHB@	42,905	35,701	35,671	32,085	23,243	15,260	16,275	12,310	-16.9	-10.1	-30.0	-19.3
5. NaBFID	18,560	10,045	83,280	26,243	26,342	5,722	20,756	14,780	348.7	161.2	-21.2	158.3
B. Specialised financial institutions (6, 7 and 8)	**750**	**561**	**1,454**	**853**	**737**	**354**	**943**	**423**	**93.8**	**52.2**	**28.0**	**19.6**
6. IVCF	-	-	-	-	-	-	-	-	n.m.	n.m.	n.m.	n.m.
7. ICICI venture	-	-	-	-	-	-	-	-	-	-	-	-
8. TFCI	750	561	1,454	853	737	354	943	423	93.8	52.2	28.0	19.6
C. Investment institutions (9 and 10)	**1,01,121**	**53,225**	**1,66,525**	**78,829**	**62,950**	**12,062**	**83,050**	**33,303**	**64.7**	**48.1**	**31.9**	**176.1**
9. LIC	1,01,121	53,225	1,66,525	78,829	62,950	12,062	83,050	33,303	64.7	48.1	31.9	176.1
10. GIC	-	-	-	-	-	-	-	-	n.m.	n.m.	n.m.	n.m.
D. Financial Institutions (A+B+C)	**9,15,556**	**8,13,938**	**11,38,479**	**9,58,609**	**5,16,151**	**3,29,366**	**4,57,192**	**3,22,667**	**24.3**	**17.8**	**-11.4**	**-2.0**
E. State level institutions (11 and 12)	**4,910**	**4,579**	**4,606**	**5,256**	**..**	**..**	**..**	**..**	**..**	**..**	**..**	**..**
11. SFCs^	4,910	4,579	4,606	5,256	..	..	..	..	..	..	..	..
12. SIDCs	..	..	..	..	..	..	..	..	..	..	..	..
F. Total assistance by all financial institutions (D+E)	**9,20,467**	**8,18,517**	**11,43,085**	**9,63,865**	**5,16,151**	**3,29,366**	**4,57,192**	**3,22,667**	**24.2**	**17.8**	**-11.4**	**-2.0**

S: Sanctions. D: Disbursements. -: Nil. .. : Not Available. n.m.: Not Meaningful.

*: Loans include rupee loans and foreign currency loans.

@: NHB data pertain to July-June.

#: Others include guarantees.

^: Data pertain to four SFCs.

Notes: 1. Data are provisional.

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

Source: The respective financial institutions.

Appendix Table VI.9: Financial Performance of Standalone Primary Dealers *(Continued)*

(Amount in ₹ crore)

Sl. No.	Name of the primary dealers	Year	Income			
			Interest income (including discount income)	Trading profit	Other income	Total income
1	**2**	**3**	**4**	**5**	**6**	**7**
1	STCI Primary Dealer Ltd.	2022-23	846	-49	2	799
		2023-24	1,041	139	2	1,182
		H1:2024-25	567	148	1.36	716
2	SBI DFHI Ltd.	2022-23	952	-12	6	946
		2023-24	1,378	44	8	1,430
		H1:2024-25	785	86	3	874
3	ICICI Securities Primary Dealership Ltd.	2022-23	1,249	45	27	1,322
		2023-24	2,110	312	26	2,448
		H1:2024-25	1,227	148	22	1,397
4	PNB Gilts Ltd.	2022-23	1,222	-237	16	1,001
		2023-24	1,518	-48	8	1,478
		H1:2024-25	795	68	5	868
5	Morgan Stanley India Primary Dealer Pvt. Ltd.	2022-23	803	-54	3	752
		2023-24	1,376	280	3	1,659
		H1:2024-25	831	34	19	884
6	Nomura Fixed Income Securities Pvt. Ltd.	2022-23	353	-139	2	216
		2023-24	615	215	2	832
		H1:2024-25	520	90	2	612
7	Goldman Sachs (India) Capital markets Pvt. Ltd.	2022-23	391	-50	5	346
		2023-24	1,120	118	3	1,241
		H1:2024-25	742	127	0	870
8	**Total**	**2022-23**	**5,816**	**(495)**	**61**	**5,382**
		2023-24	**9,158**	**1,060**	**52**	**10,270**
		H1:2024-25	**5,468**	**701**	**51**	**6,221**

Source: Returns submitted by SPDs.

Appendix Table VI.9: Financial Performance of Standalone Primary Dealers *(Concluded)*

(Amount in ₹ crore)

Sl. No.	Name of the primary dealers	Year	Expenditure			Profit before tax	Profit after tax	Return on networth (per cent)
			Interest expenses	Other expenses	Total expenditure			
1	**2**	**3**	**8**	**9**	**10**	**11**	**12**	**13**
1	STCI Primary Dealer Ltd.	2022-23	712	30	741	47	34	4.4
		2023-24	944	43	987	266	198	22.4
		H1:2024-25	499	21	520	229	170	16.1
2	SBI DFHI Ltd.	2022-23	786	41	827	29	20	1.4
		2023-24	1,226	41	1,267	242	180	12.0
		H1:2024-25	690	27	717	275	205	12.0
3	ICICI Securities Primary Dealership Ltd.	2022-23	1,063	136	1,199	175	128	8.1
		2023-24	1,871	172	2,043	586	437	25.4
		H1:2024-25	1,094	99	1,194	477	356	18.3
4	PNB Gilts Ltd.	2022-23	973	47	1,020	-85	-77	-5.8
		2023-24	1,411	66	1,477	99	70	5.4
		H1:2024-25	690	29	719	223	168	12.0
5	Morgan Stanley India Primary Dealer Pvt. Ltd.	2022-23	571	58	629	195	145	5.0
		2023-24	1,049	73	1,121	560	418	11.4
		H1:2024-25	649	41	690	217	161	4.1
6	Nomura Fixed Income Securities Pvt. Ltd.	2022-23	260	47	308	94	70	6.3
		2023-24	519	72	590	118	88	7.4
		H1:2024-25	443	38	481	53	40	2.6
7	Goldman Sachs (India) Capital markets Pvt. Ltd.	2022-23	299	50	350	30	22	1.4
		2023-24	878	58	935	365	272	10.5
		H1:2024-25	601	27	628	277	207	7.3
8	**Total**	**2022-23**	**4,664**	**410**	**5,074**	**485**	**342**	**3.2**
		2023-24	**7,897**	**524**	**8,422**	**2,237**	**1,663**	**12.9**
		H1:2024-25	**4,666**	**282**	**4,949**	**1,751**	**1,308**	**9.1**

Source: Returns submitted by SPDs.

Appendix Table VI.10: Select Financial Indicators of Standalone Primary Dealers *(Continued)*

(Amount in ₹ crore)

Sr. No.	Name of the primary dealers	Capital funds (Tier I + Tier II+ Eligible Tier III)					CRAR (Per cent)				
		2020-21	2021-22	2022-23	2023-24	H1: 2024-25	2020-21	2021-22	2022-23	2023-24	H1: 2024-25
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
1	STCI Primary Dealer Ltd.	731	777	790	902	1,111	28.9	32.3	21.8	29.1	26.8
2	SBI DFHI Ltd.	1,245	1,311	1,247	1,426	1,612	33.4	42.4	46.1	36.0	35.9
3	ICICI Securities Primary Dealership Ltd.	1,723	1,899	1,792	1,903	2,274	44.1	47.7	42.9	26.6	25.8
4	PNB Gilts Ltd.	1,306	1,426	1,238	1,313	1,453	45.6	66.4	31.8	34.0	41.7
5	Morgan Stanley India Primary Dealer Pvt. Ltd	2,105	2,290	3,384	3,774	3,922	51.9	58.5	88.6	69.8	64.1
6	Nomura Fixed Income Securities Pvt. Ltd.	1,064	1,068	949	1,226	1,766	60.2	49.1	43.0	33.7	50.1
7	Goldman Sachs (India) Capital Markets Pvt. Ltd.	626	648	2,363	2,429	2,293	109.1	116.1	76.0	67.6	63.7
	Total	**8,798**	**9,418**	**11,763**	**12,973**	**14,433**	**45.3**	**51.5**	**50.0**	**42.2**	**42.2**

Source: Returns submitted by SPDs.

Appendix Table VI.10: Select Financial Indicators of Standalone Primary Dealers *(Concluded)*

(Amount in ₹ crore)

Sr. No.	Name of the primary dealers	Stock of government securities and treasury bills (Market value)					Total assets (Net of current liabilities and provisions)				
		2020-21	2021-22	2022-23	2023-24	H1: 2024-25	2020-21	2021-22	2022-23	2023-24	H1: 2024-25
1	**2**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**
1	STCI Primary Dealer Ltd.	11,398	13,616	14,664	14,436	14,224	11,405	12,025	12,286	12,536	12,642
2	SBI DFHI Ltd.	9,589	12,390	16,645	21,360	24,956	9,837	12,659	16,955	21,840	22,739
3	ICICI Securities Primary Dealership Ltd.	15,766	15,864	24,784	31,594	37,817	18,067	17,545	31,873	33,845	39,519
4	PNB Gilts Ltd.	10,907	15,267	18,518	23,008	21,635	11,179	13,819	16,948	21,240	20,569
5	Morgan Stanley India Primary Dealer Pvt. Ltd	12,533	13,645	12,691	26,662	22,363	13,004	16,314	15,452	28,109	25,055
6	Nomura Fixed Income Securities Pvt. Ltd.	4,044	4,849	6,474	12,337	13,085	4,419	5,629	7,396	13,170	15,115
7	Goldman Sachs (India) Capital Markets Pvt. Ltd.	3,457	3,468	15,491	21,853	15,932	3,830	4,722	17,949	22,831	16,485
	Total	**67,694**	**79,099**	**1,09,267**	**1,51,248**	**1,50,029**	**71,758**	**82,733**	**1,18,878**	**1,53,591**	**1,52,124**

Source: Returns submitted by SPDs.