Report on Trend and Progress of Banking in India, 2024-25

Prelims: *Current events of national and international importance | Economy*

Why in News?

Recently, the Reserve Bank of India (RBI) has released its Report on Trend and Progress of Banking in India 2024-25.

- **About –** This report is a comprehensive review of the Indian banking sector's performance, regulatory developments, and financial stability.

Key findings of the report

- **Bank Frauds –** The amount involved in bank frauds was rising, though the number of cases was on a decline.
  - Total number of frauds decreased to 23,879 cases (2024-25) as compared with 36,052 cases (2023-24).
  - However, the amount involved in frauds increased to Rs 34,771 crore from Rs 11,261 crore in 2023-24.
- The rise in amount is due to re-examination of 122 cases worth Rs 18,336 crore (SC's judgment, Mar 27, 2023).

*In the **SBI v. Rajesh Agarwal case**, the SC ruled that banks must provide borrowers a chance to be heard before classifying their accounts as "fraudulent," upholding natural justice principles.*

- **Fraud Type** -
  - Card/Internet frauds - 66.8% of cases (highest by number)
  - Advances-related frauds - 33.1% of the amount (highest by value)
- **Bank's Contribution –**
  - **Private Sector Banks (PVBs)** - 59.3% of cases, the largest share by number is card/internet frauds & largest share by value is advances-related frauds.
  - **Public Sector Banks (PSBs)** - 70.7% of the total amount involved, the highest share is advances-related frauds (both number & value)
- **Trend across Banks –**
  - The share of card/internet frauds declined across all bank groups (both number & amount)
  - Advances-related frauds (both number & amount) increased across all bank groups (except PSBs in terms of amount).

- **Resilience & Growth –** Deposits and credit of scheduled commercial banks (SCBs) grew in double digits, but moderated compared to last year. (**Resilient 11-11-11**).
    - The SCB's *consolidated balance sheet grew 11.2%* (vs. 15.5% in 2023–24).
    - On the assets side, *bank credit* & investments increased by *11.5%* and 9.2%, respectively, in 2024-25.
    - On the liabilities side, *deposits* increased by *11.1%* in 2024-25.
- **Profitability –** The net profits of SCBs increased, but slower pace, partly reflecting the impact of moderation in the growth of net interest income.
- **Capital Adequacy –** The capital-to-risk-weighted assets ratio of SCBs was 17.4% at end-March 2025 & 17.2% at end-September 2025.
- Leverage ratio remained well above regulatory requirements.
- **Asset Quality –** it is strengthened further, with gross non-performing assets (GNPA) ratio declining to a multi-decadal low of 2.2% at end-March 2025 and 2.1% at end-September 2025.
- **Urban Co-operative Banks –** Higher balance sheet growth than the previous year, their asset quality improved for the 4th consecutive year, alongside strengthening of their capital buffers and profitability.
- **NBFCs –** The NBFCs continued to record double-digit credit growth along with robust capital buffers; their asset quality also improved during the year.

Reference

The Hindu | Report on Trend and Progress of Banking in India 2024-25

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