Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, chaired the annual review meeting with MDs and CEOs of Public Sector Banks in New Delhi today

The meeting reviewed performance across key areas with a focus on Financial Strength, Inclusive Lending, Cyber Security, and Customer-Centric Innovation

In FY 2024–25, Public Sector Banks (PSBs) posted a record net profit of 1.78 lakh crore, reflecting the continued strengthening of financial performance

Net Non-Performing Assets (NNPAs) declined to a multi-year low of 0.52%, indicating sustained improvement in asset quality and risk management

Smt. Sitharaman directed the PSBs to participate actively in the upcoming 3-month Financial Inclusion saturation campaign, beginning July 1, 2025, covering 2.7 lakh Gram Panchayats and Urban Local Bodies

Banks were directed to strengthen the implementation of the New Credit Assessment Model for MSMEs

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Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman chaired a high-level meeting today in New Delhi to review the performance of Public Sector Banks (PSBs) across key areas, including financial parameters, credit offtake, financial inclusion, customer service, grievance redressal, digital banking, and cyber security.

The meeting was attended by Union Minister of State for Finance Shri Pankaj Chaudhary; Secretary, Department of Financial Services, Shri M. Nagaraju; MDs of PSBs; and senior officials of the Department of Financial Services (DFS).

The Finance Minister (FM) acknowledged the strong financial performance of PSBs in recent years, and particularly in FY 2024–25.

It was noted during the meeting that from FY 2022–23 to FY 2024–25, **the total Business of Public Sector Banks (PSBs) rose from ₹203 lakh crore to ₹251 lakh crore.**

During the same period (FY 2022–23 to FY 2024–25), net NPAs of the PSBs declined sharply from 1.24% to 0.52%, Net Profit increased from ₹1.04 lakh crore to ₹1.78 lakh crore, and dividend payouts grew from ₹20,964 crore to ₹34,990 crore.

FM was also apprised that the **PSBs are adequately capitalised**, with their CRAR standing at 16.15% as of Mar-2025.

During the review of deposit and credit trends, **FM emphasised the need for sustained efforts to improve deposit mobilisation** to support ongoing credit growth. PSBs were advised to undertake special drives, make effective use of their branch networks, and deepen outreach in semi-urban and rural areas.

During the review, Union Finance Minister Smt. Nirmala Sitharaman urged Public Sector Banks (PSBs) to **proactively identify emerging commercial growth areas** for the next decade, which can aid profitability and growth for the PSBs.

Deepening **corporate lending in productive sectors was also emphasised**, with a strong focus on maintaining robust underwriting and risk management standards

Lending to the energy sector, particularly in renewable and sustainable areas, was underscored as a national priority to advance India's green growth agenda. In line with the Budget 2025-26 announcement to **develop indigenously designed small modular nuclear reactors (SMR),** banks were advised to develop credit models to support this critical sector.

Banks were instructed to **scale up efforts under key financial inclusion schemes**, including PM MUDRA Yojana, PM Vishwakarma, PM Surya Ghar Muft Bijli Yojana, PM Vidyalaxmi, and the Kisan Credit Card (KCC) scheme.

As announced in the Union Budget 2025-26, PSBs were encouraged to focus on Agri credit in the **100 low crop productivity districts to be identified under the PM Dhan Dhanya Yojana.** Banks were instructed to tailor special credit products to enhance agricultural productivity and unlock local economic potential by identifying & **supporting farm products** that can be developed in these particular districts.

Banks were further advised to **expand their presence in GIFT City** to support India's aspirations in international financial services, tap into emerging global opportunities, and increase participation in the India International Bullion Exchange (IIBX).

Enhancing customer experience remains a key priority, and banks were directed by the Finance Minister to ensure faster grievance redressal, offer simplified digital platforms, and provide multilingual services both online and offline. Maintaining **clean, customer-friendly physical branches** and expanding in metro and urban centres to keep pace with urbanisation was also highlighted.

Smt. Sitharaman directed the PSBs to participate actively in the upcoming **3-month Financial Inclusion saturation campaign, beginning July 1, 2025, covering 2.7 lakh Gram Panchayats and Urban Local Bodies**. This campaign would also focus on assisting the citizens with respect to KYC, re-KYC & unclaimed deposits. Banks were directed to ensure focused outreach, adequate manpower deployment, and effective publicity of this special campaign to further deepen financial inclusion under schemes such as PM Jan Dhan Yojana, PM Jeevan Jyoti Bima, PM Suraksha Bima Yojana, etc.

Smt. Sitharaman was apprised of the progress under the **New Credit Assessment Model for MSMEs**, launched on March 6, 2025, with 1.97 lakh MSME loans already sanctioned, amounting to ₹60,000 crore. Banks were directed to strengthen the implementation of the New Credit Assessment Model for MSMEs to broaden access to capital and expedite credit flow to small & medium businesses.

It was noted during the meeting that under the **Stand Up India scheme**, 2.28 lakh loans have been sanctioned worth ₹51,192 crore. Similarly, under the **PM Vidya Lakshmi scheme**, 6,682 applications have been sanctioned, amounting to ₹1,751 crore. Given the government's commitment to **supporting entrepreneurship and higher education** through targeted credit initiatives, banks were directed by the FM to give greater focus to these schemes.

Union Finance Minister highlighted the importance of adequately staffing banks, emphasising that **all existing and arising vacancies** must be filled as soon as possible to deliver better service.

Banks were encouraged to scale up **branch expansion** in underserved areas like the North-east. FM underlined the need to **strengthen the Business Correspondent (BC) network** to ensure last-mile access to banking services, particularly in rural and remote areas.

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