

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman reviews business performance of Karnataka Grameena Bank at Ballari, Karnataka

Smt. Sitharaman stresses on scaling up of
agriculture credit disbursement by rural banks to
serve emerging demand of new rural India

Rural Banks should upgrade their products and
services as per the convenience and demand of
Farmer Producer Organisations: Union Finance
Minister

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The Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman chaired a meeting to review business performance of the Karnataka Grameena Bank (KaGB) at Ballari, Karnataka on 16th October 2025. The meeting was attended by Sh. M Nagaraju, Secretary (DFS), Sh. Shaji K.V., Chairman NABARD, ED Canara Bank and other senior officials from the Department of Financial Services, Ministry of Finance.

During the review, the Finance Minister assessed key indicators including credit growth, NPAs, performance under financial inclusion and implementation of government-sponsored schemes of KaGB. She advised KaGB to increase its share in ground level agriculture credit disbursement with special focus on emerging areas of the economy.

Smt. Sitharaman also directed all stakeholders to take necessary steps to realise the potential of allied agriculture activities in the region. KaGB and Canara Bank were specially directed to work with state government departments to increase credit disbursement to MSME and allied sector.

The rationalisation of GST rates has opened new opportunities in rural areas due to increase in consumption, which is an indication of more funding by banks, the Finance Minister said. Smt. Sitharaman urged the rural banks to leverage this opportunity to cater the credit requirement in semi-urban and rural areas.

The Union Minister said that capital requirement of some of the FPOs are met by Development Financial Institutions and Government Departments. The working capital requirements should be fulfilled by the Banks. Rural bank should upgrade its products and services as per the convenience and demand of Farmer Producer Organisations, the Minister emphasized. This will enable both Banks and FPOs to leverage their resources for mutual benefit and sustainable growth of rural economy.

Further Smt. Sitharaman said that many companies are moving their services like data centre services from tier-1 to tier 2 & 3 cities. The rural banks shall focus on such emerging areas to improve their financial health. KaGB shall focus on its business operations to make the bank profitable and overcome the challenges faced by stressed assets, the minister added.

The Union Minister advised KaGB and Sponsor Bank to engage with respective committees at panchayat/district level to improve the screening process of applications received under Government sponsored schemes viz. PM-Vishwakarma & PMFME.

The Union Finance Minister urged KaGB to spread its presence in the Kalyan Karnataka region by opening new branches wherever presence of banking outlets are inadequate. KaGB was also advised to enhance operational efficiency by improving asset quality, adopting new technology and strengthening customer service delivery.

The Secretary, DFS, Sh. M Nagaraju highlighted that the integration of systems and processes have been completed post amalgamation and stressed upon KaGB's medium term business plan and review thereof by sponsor bank for long term sustainability and viability of the rural bank.

Sh. Nagaraju noted the potential in agro processing and MSME in the region and urged KaGB to partner with NABARD for value creation by farmers in agriculture and allied sectors. He appreciated KaGB for its remarkable progress in Atal Pension Yojana and suggested to improve its performance under other financial inclusion schemes such as PMJJBY, PMSBY & PMJDY. He also suggested a future roadmap to partner PSBs by providing banking services in the areas which is unserved/underserved. He emphasized need of staff integration and skill upgradation of employees post amalgamation.

NB/AD

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