Ministry of Finance

DFS Secretary chairs PSB Review Meeting for H1 FY 2025–26

Banks record steady growth, improved asset quality and stronger digital performance

PSBs report net profit of ₹93,675 crore in H1 FY 2025–26; Gross NPAs decline to multiyear low to 2.30% and Net NPAs to 0.45%, with aggregate business at ₹261 lakh crore

Focus on accelerating credit to MSMEs and agriculture while sustaining growth in low-cost deposits and strengthening risk management

Priority areas highlighted include digital banking, cybersecurity and credit expansion in Champion Sectors such as Renewable Energy, Green Infrastructure, Food Processing, Tourism, and Data Centre

Startup loans module on JanSamarth Portal launched: Report on PSB Manthan 2025 reflecting the roadmap towards Viksit Bharat @2047 released

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The Secretary of Department of Financial Services (DFS), Shri M. Nagaraju, chaired a review meeting today in New Delhi with the Managing Directors and Chief Executive Officers of Public Sector Banks (PSBs) to assess their performance for the H1 FY 2025–26. The meeting reviewed key areas including financial performance, asset quality, recovery and resolution, digital transformation and progress under government flagship schemes. UIDAI made a presentation on the usage of Aadhar for digital identity integration and de-duplication. Discussions were also held on the theme of human AI convergence in banking.

Public Sector Banks reported a net profit of ₹93,675 crore during H1 FY 2025–26, reflecting steady year-on-year growth. Aggregate business stood at ₹261 lakh crore as of September 2025, with advances growing by 12.3 percent *(y-o-y)* and deposits by 9.6 per cent *(y-o-y)*. The Gross NPA ratio of PSBs declined to 2.30 per cent and Net NPAs to 0.45 per cent, indicating continued improvement in asset quality. The Return on Assets was 1.08 per cent while the cost of funds improved to 4.97 per cent, reflecting better efficiency and profitability.

The DFS Secretary appreciated the consistent performance of PSBs and stressed the need to sustain momentum in low-cost deposit mobilisation and credit growth, particularly in the MSME and agriculture sectors. Banks were advised to further strengthen risk management, underwriting practices, and operational resilience to sustain profitability in an evolving financial environment.

Public Sector Banks also showcased advancements in digital banking and mobile app services. A live demonstration highlighted improvements in user interface, multilingual options and transaction efficiency. The Secretary emphasised that digital banking must remain inclusive and secure, urging banks to enhance cyber resilience, ensure operational continuity and improve the quality and timeliness of grievance redressal. Adoption of responsible AI and data analytics was encouraged to improve customer service delivery.

The progress under key government schemes was reviewed in detail. Banks were advised to strengthen implementation of the PM Surya Ghar Muft Bijli Yojana, PM Vidya Lakshmi Yojana, PM Vishwakarma Yojana, and JanSamarth digital lending initiatives, with emphasis on reducing application turnaround time and expanding assisted journeys through Business Correspondents and SLBC coordination. The Secretary also reviewed performance under financial inclusion programmes such as PMJDY, PMJJBY, PMSBY, APY, PMMY and PM SVANidhi, and emphasised the importance of the ongoing *"Aapki Poonji, Aapka Adhikar"* campaign. Directions were given to ensure seamless implementation, enhance public awareness of the integrated unclaimed asset portal and intensify outreach in underserved and aspirational districts.

On the asset quality front, it was noted that PSBs continued to register improvement in recoveries. The National Asset Reconstruction Company Limited (NARCL) has acquired debt aggregating ₹1.62 lakh crore and achieved significant recoveries during the first half of the year. Banks were advised to leverage digital platforms such as BAANKNET for faster and transparent resolutions and to maintain focus on strengthening early warning systems.

In alignment with the Government's vision of *Viksit Bharat @2047*, PSBs presented progress under identified champion sectors such as renewable energy, green infrastructure, food processing, tourism and data centres. Banks were encouraged to scale up credit in these sectors, adopt sustainable financing practices and enhance preparedness for the transition to the Expected Credit Loss (ECL) framework through robust models and data-driven provisioning.

In his concluding observations, Shri M. Nagaraju urged Public Sector Banks to sustain financial discipline, deepen customer-centricity, and lead India's banking transformation with prudence, innovation and inclusion as guiding principles. The meeting also witnessed the launch of the Startup Loans module on the JanSamarth Portal and the release of the report of PSB Manthan 2025, outlining the Public Sector Banks' collective vision and roadmap towards Viksit Bharat @ 2047.

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