

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1666**

Answered on Tuesday, August 6, 2024/ Shravana 15, 1946 Saka

**Performance of Indian banking system**

1666. Shri K.R. Suresh Reddy:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the Indian banking system is strong enough to tide over the current crisis in the global market as it has strengthened itself on all parameters over the years;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) to (c) The Indian banking sector remained largely insulated from the recent crises involving other global financial entities. The liquidity coverage ratio (LCR) of Indian banks during January-June 2024 remained above 130% against the regulatory threshold of 100% indicating resilience to liquidity risks. At the same time, investment portfolio of the Indian banks has remained largely resilient to the market risks arising due to adverse price movements.

Moreover, over the last few years, financial position of scheduled commercial banks (SCBs) has significantly improved. Their total business has reached Rs.386.49 lakhs crore as on 31.03.2024 from Rs.210.60 lakhs crore as on 31.03.2018. The Gross NPA of SCBs has improved to 2.75% as on 31.03.2024 from 11.18% as on 31.03.2018, while their Net NPA has improved to 0.62% from 5.94% during the same period. While the SCBs incurred losses to the tune of Rs.32,437 crore during FY 2017-18, their net profit has improved to Rs.3,41,672 crore during FY 23-24. The capital position (CRAR) of SCBs has improved to 16.84% as on 31.03.2024 from 13.85% as on 31.03.2018. *(Data as on 31.03.2024 is provisional)*

Further, as per the Reserve Bank of India's Financial Stability Report-June 2024, the Indian banking sector has recorded sustained improvement in capital positions, asset quality and profitability. The Banking Stability Indicator reflects this progress showing overall stability of the banking system. Additionally, macro stress test performed to assess the resilience of SCBs, reveal that banks are well-capitalized and capable of absorbing macroeconomic shocks.

\*\*\*\*\*