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**RESERVE BANK OF INDIA**

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Website : [www.rbi.org.in](http://www.rbi.org.in)

ई-मेल/email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022- 22660502

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## Report on Trend and Progress of Banking in India 2018-19

Today, the Reserve Bank of India released the [Report on Trend and Progress of Banking in India 2018-19](#), a statutory publication in compliance with Section 36 (2) of the Banking Regulation Act, 1949. This Report presents the performance of the banking sector, including co-operative banks, and non-banking financial institutions during 2018-19 and 2019-20 so far. The highlights of the Report are set out below:

- The banking sector showed improvement with the gross non-performing assets (GNPA) ratio of Scheduled Commercial Banks (SCBs) declining from 11.2 per cent in March 2018 to 9.1 per cent in March 2019 and a return to profitability in H1: 2019-20.
- This turnaround has been facilitated by a conducive policy environment underpinned by the traction in insolvency and bankruptcy code (IBC).
- Recapitalisation of Public Sector Banks (PSBs) shored up the capital position of PSBs.
- In the co-operative banking arena, the consolidated balance sheet of Urban Co-operative Banks (UCBs) expanded in 2018-19 on account of robust deposit growth, although, a fall in interest income adversely affected their profitability; among rural co-operatives, the financial health of state co-operative banks and district central co-operative banks weakened with an increase in the non-performing assets and slowdown in profitability.
- The pace of credit expansion by NBFCs, which began slowing in 2018-19, continued in the first half of 2019-20, largely affected by the performance of non-deposit taking systemically important NBFCs (NBFCs-ND-SI), though capital buffers remained above the stipulated norms. Bank credit remained a stable source of funding for NBFCs.
- The Report also offers some perspectives on the evolving outlook for India's financial sector.