Banking Sector Performance: A Comparative Study of Public and Private Sector Banks

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Abstract. Indian economic growth depends on the stability functions of its banking sector. This research develops bridges to monitor the operational performances in both public and private banking sectors during 2015-2025 with emphasis on profitability measurements and operational efficiency together with risk management and customer satisfaction levels. The research uses financial documents and gathers client survey data and market performance data. Private financial institutions offer state-of-the-art technology solutions with accelerated services yet public financial institutions must handle growing default loan problems and complicated operations to serve primarily the areas of economic growth and rural territories. This paper recently demonstrated that digital innovation connects public sector to private banking sector through a powerful mutual bond. The study shows that public-sector banks connecting with private institutions can develop sustainable funding platforms which will benefit upcoming financial periods.

Keywords: Banking sector, public banks, private banks, financial inclusion, efficiency, sustainability.

1 Introduction

The modern Indian economy depends heavily on its banking institutions, which form the backbone of financial stability, economic development, and green financing [1-2]. Post-independence, the Indian banking industry evolved into two major components: public and private sector banks. Public Sector Banks (PSBs) played a significant role in promoting inclusive financial services and rural development [5]. while Private Sector Banks (PVBs) emerged as technologically advanced institutions prioritizing operational efficiency and customer service [6].

From 2015 to 2025, the study evaluates public and private banks based on profitability, efficiency, risk management, and customer satisfaction [1]. Public banks were instrumental in the nationalization of commercial banks in 1969 and 1980, driving inclusive growth and providing welfare programs, priority sector loans, and rural banking services [2]. Their focus remained on social objectives over profit-making [5]. In contrast,

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private banks, especially post-liberalization in the 1990s, introduced innovative technologies and tailored services. Banks like HDFC, ICICI, Kotak Mahindra, Federal Bank, and South Indian Bank have successfully integrated retail banking with wealth management and digital platforms [6-7].

Operational performance and profitability mark the key difference between the two sectors. PVBs maintain superior risk control systems, streamlined structures, and stronger financial indicators, whereas PSBs face challenges due to bureaucratic inefficiencies and persistent non-performing assets (NPAs) [1, 5]. Between 2015 and 2025, both sectors adapted to technological changes, regulatory reforms, and evolving customer demands, reinforcing their roles in economic development [2,7].

Sustainable operations and financial stability hinge on profitability. PSBs continue to struggle with high NPAs and inefficient systems, despite implementing reforms such as the Insolvency and Bankruptcy Code [1-2]. In contrast, PVBs exhibit stronger financial health, aided by AI and machine learning applications for credit assessment and fraud prevention. Their broad service offerings and operational automation enhance customer experience and cost efficiency [6].

Risk management remains central to banking sustainability. PVBs utilize robust risk tools to maintain adequate capital reserves, whereas PSBs continue to encounter restructuring and capital strengthening challenges [5,3]. Customer satisfaction, a vital performance metric, has driven reforms in PSBs and spurred the adoption of client-centric digital solutions in PVBs [7].

The period also witnessed significant trends such as fintech collaborations, the rise of digital payments, and pandemic-driven shifts toward contactless banking. Both public and private banks have embraced digital transformation, reflecting enduring changes in customer expectations and behavior [1-2]. Furthermore, the industry is placing increased emphasis on sustainable banking practices, investing in renewable energy and sustainability-linked loans, thereby aligning with India's and global environmental goals [1,3].

Looking ahead, structural transformation is inevitable. PSBs must overcome operational bottlenecks to effectively compete and enhance customer service [5]. Meanwhile, PVBs should focus on sustainable growth, ongoing innovation, risk management, and user-focused practices [6]. A robust dual banking system in India—balancing PSBs' socio-economic objectives with PVBs' technological excellence—will remain fundamental. Performance data from 2015 to 2025 underscores the need for ongoing reforms, innovation, and collaborative strategies to build resilient, inclusive, and sustainable banking platforms capable of withstanding future disruptions [1-2].

1.1 Background of Banking Sector

The financial system depends entirely on the banking industry because this sector serves as an essential channel for monetary policy execution and credit allocation and resource management. Spanish economic liberalization in the 1990s brought substantial changes to Indian banking which brought private banks to compete against state-owned institutions (Reserve Bank of India, Annual Report 2019-20) [17]. The progression of time has brought forth advancements in technology implemented with regulatory changes and evolving customer demands effecting a complete restructuring of competition and partnership norms across the industry.

Through stabilization efforts during financial uncertainty banks protect the economy while executing crucial economic transactions. When the worldwide financial crisis erupted in 2008 it demonstrated how vital strong banking systems are (Choudhry, Bank Asset and Liability Management Report, 2011) [20]. Agile bank operations became essential during the COVID-19 pandemic when the World Bank (2021) recognized the need for robust service continuity. Study of public versus private banking performance in India requires priority since these financial institutions drive national economic ambitions together.

Public sector banks in India received their establishment mandate to provide lending opportunities through economic inclusion strategies. The extensive branch network of PSBs combined with their rural presence encounters difficulties with existing non-performing asset

(NPA) situations as well as operational inefficiencies which lead to diminished profitability according to the Economic Survey of India (2020-21) [18]. Through their technical nimbleness and consumer-dedicated models private sector banks have achieved superior competitiveness in the market. Private banks are serving urban and semi-urban markets to establish themselves as providers of innovative financial products along with superior services.

2. Literature Review

Broad changes have impacted the Indian banking sector through decades as liberalization and technological advancements and regulatory reforms have reshaped it. One dominant research topic in this field deals with the evaluation of public sector banks (PSBs) and private sector banks (PVBs). Multiple studies investigating profitability alongside efficiency alongside asset quality alongside customer satisfaction serve to demonstrate distinct characteristics of Indian PSBs and PVBs in this literature review synthesis.

Numerous reports examine PSBs and PVBs' profitability through monetary performance indicators. Kaur and Sukhija, (2012) demonstrates how PSBs maintain better overall performance than PVBs through their broad service network alongside government backing [16]. Mishra (2011), through a twelve-year CAMEL analysis, found that private sector banks (PVBs) outperformed public sector banks (PSBs), indicating their more effective management strategies and operational models [8]. Spathis et al., (2002) found that private sector banks exhibit higher operational efficiency and profitability compared to public sector banks [3]. A bank's operational effectiveness serves as a fundamental factor which determines its performance level. Indian banks underwent analysis through Cogent Economics & Finance to calculate their operational and financial efficiencies at both Z-Score and profit and business levels. The outcome demonstrates

PVBs surpass PSBs in efficiency performance because they apply resources better and operate more efficiently with advanced technology features. Evidence from Prabhakar and LakshmiPrabha (2012) reveals a clear distinction between banking sectors, emphasizing the need for investors to adopt sound portfolio management practices to mitigate risk, as private commercial banks exhibit superior operational performance [10].

Asset quality is an important performance parameter for banks, which depicts the status of the loan portfolio of a bank. A study by Balasubramanian (2007) highlighted that PVBs are crucial for the development of Indian economy since their risk management practices are sound, thus leading to the higher asset quality than PSBs [11]. This is further supported by Mohanty and Mehrotra (2021), which utilized financial parameters like deposits, profits, return on assets, and productivity to assess bank performance to make a conclusion that PVBs maintain higher asset quality and lower NPAs as compared to PSBs [12].

This performance metric is really important for customers, as this is the measurement of how bank performance is valued by customers themselves, which indeed affects customer retention and profitability at large. Researchers have found an enormous quality gap in the perceptions of services being received by consumers, as perceived against PSBs. PVBs are rated very high in this regard. Many times, customer-centric approach, innovative service models, and streamlined services at PVBs are attributed for this gap from the traditional approach and bureaucratic handling at PSBs.

The liberalization of the Indian economy has had deep implications for the banking sector. Malik (2017) examined forty papers related to the market structure, conduct, and performance of PSBs in India with the conclusion that liberalization has tightened up the competition level among PSBs such that PSBs are forced to improve their performance to retain market share. PVB entry has since brought more efficient practices and customer-oriented services and challenged PSBs to innovate and improvise [13]. Othman et al. (2024) conducted an extensive comparative CAMEL analysis on 12 public and 20 private Indian banks between 2019 and 2023. Their work followed the approach you outlined, finding that private banks generally outperformed public banks in most CAMEL parameters, except some aspects of management quality and earnings [5]. Chandulal (2024) compared the financial performance of 10 public and 10 private Indian banks (2018–19 to 2022–23) using the CAMEL Model, revealing that private sector banks performed better overall, with notable differences highlighted via ratio analysis [14]. Kulshrestha and Srivastava (2022) performed a comparative CAMEL analysis of selected Indian commercial banks, applying t-tests and composite ratings to demonstrate performance disparities between public and private banks. Their recent work continues to show private banks leading in management and profitability, while public banks maintain higher capital adequacy [6]. Suresh (2023) evaluated differences in CAMEL ratios for public and private banks using independent sample t-tests, confirming the significant difference in their performance according to CAMEL metrics [7]. Talasila and Neti (2024) performed a 10-year longitudinal CAMELS model analysis of select public and private sector Indian banks, including independent-sample t-testing for significant performance differences between bank types [15].

Despite the progress and competitive forces, PSBs and PVBs both face challenges in the modern banking scenario. According to recent reports, Indian banks are struggling with increasing bad debts and weak credit growth, issues that are common to both sectors. Major private banks have reported increases in loan defaults, particularly in unsecured loans like credit cards and personal loans. For example, HDFC Bank has built for more/behavioral defaults through a 17% provision build, though ICICI Bank also provisioned up despite better news overall. Challenges here make for good argument why risk management should be prompter and more prudent in lending across the banking sector.

3. Objective and Scope of the Study

This research investigates how public sector banks perform relative to private sector banks during 2015-2025.

I. The research assesses essential Key Performance Indicators (KPIs) which include profitability alongside operational efficiency together with asset quality and risk management and customer satisfaction elements.

II. The research investigates the impact of external factors such as regulatory changes and technological advancements on the banking sector's performance.

III. The research examines public sector banks featuring mostly nationalized institutions

IV. Include major private sector banks recognized for their innovative approaches to efficiency.

4. Methodology

The research design uses both quantitative methods and qualitative methodologies to deliver a full evaluation of banking sector performance. Relevant banking institutions are evaluated through financial statement analysis and balance sheet evaluation. Non-financial metrics which measure customer satisfaction alongside operational difficulties in banking domains are evaluated by examining customer surveys and market reports together with professional banking professional interview data (CRISIL Research, Banking Sector Report, 2023).

This study draws its data from various repositories including national bank annual reports together with sources from the Reserve Bank of India (RBI) as well as the industry sector. Expert statistical methods team up with econometric analytical models for the analysis of dataset trends and correlations between variables. This analysis establishes a comparison structure which examines the performance measurement tools between public and private banking institutions to present an advanced evaluation of their individual strengths and weaknesses.

5. Comparative Analysis: Key Findings

Table 1: Showing total income of public and private sector banks

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	MEAN
State Bank of India (SBI)	174,973	191,844	210,979	265,100	278,083	302,545	308,647	316,021	368,719	466,813	288,372
Punjab National Bank (PNB)	52,206	54,301	56,227	56,877	58,688	63,074	93,562	87,199	97,287	120,285	73,971
Bank of Baroda (BOB)	47,366	49,060	48,958	50,306	56,065	86,301	82,860	81,365	99,614	127,101	72,900
Bank of India (BOI)	47,623	45,449	46,063	43,805	45,900	49,066	48,041	45,955	54,748	66,804	49,345
Canara Bank	48,300	48,897	48,942	48,195	53,385	56,748	84,525	85,907	103,187	127,654	70,574
Public Sector Banks	**370,468**	**389,552**	**411,170**	**464,282**	**492,121**	**557,735**	**617,634**	**616,447**	**723,554**	**908,658**	**555,162**
HDFC Bank	57,466	70,973	81,602	95,462	116,598	138,073	146,063	157,263	192,800	307,582	136,388
ICICI Bank	61,267	68,062	73,661	72,386	77,913	91,247	98,087	104,892	129,063	165,849	94,243
Kotak Mahindra Bank	11,748	18,996	21,176	23,801	28,547	32,302	32,299	33,393	41,334	56,072	29,967
AXIS Bank	43,844	50,360	56,233	56,747	68,116	78,172	78,483	82,597	101,665	131,811	74,803

Indu-sInd Bank	12,096	14,878	18,577	22,031	27,908	35,734	35,558	38,219	44,534	55,136	30,467
Private Sector Banks	**186,421**	**223,269**	**251,250**	**270,426**	**319,083**	**375,528**	**390,491**	**416,365**	**509,396**	**716,449**	**365,868**

Table 1 showcases an analysis of leading public and private sector banks in India which contains their annual income (in crores) figures from 2014-15 to 2023-24. Total income data demonstrates public sector bank supremacy while documenting the accelerated growth of private banks since the past decade.

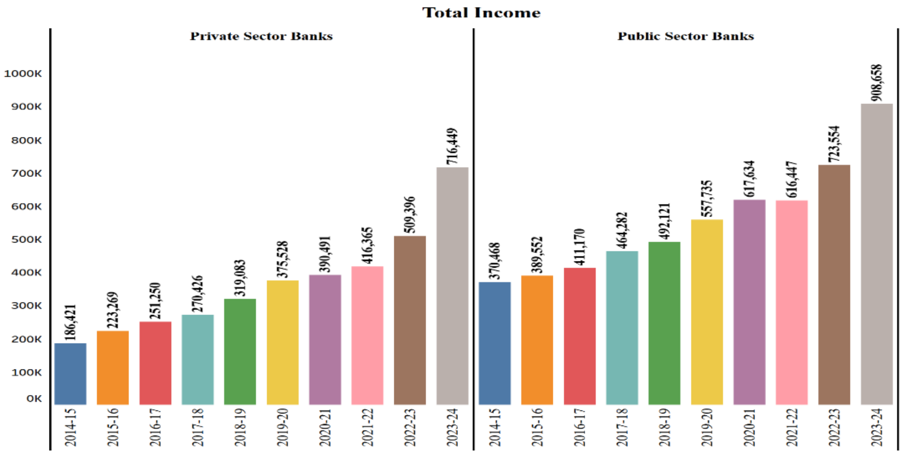


Fig 1: Represents growth of total income of public and private sector banks.

Fig 1 compares the total income of Indian public and private banks grown throughout the years 2014-15 through 2023-24. The presented data demonstrates public sector dominance yet reveals the quick expansion of private sector banking operations.

Table 2: Showing total net interest income of public and private sector banks.

Particu-lars	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**MEAN**
State Bank of India (SBI)	152,397	163,685	175,518	220,499	242,869	257,324	265,151	275,457	332,103	415,131	250,013

Punjab National Bank (PNB)	46,315	47,424	47,276	47,996	51,310	53,800	80,750	74,880	85,144	106,902	64,180
Bank of Baroda (BOB)	42,964	44,061	42,200	43,649	49,771	75,984	70,495	69,881	89,589	112,606	64,120
Bank of India (BOI)	43,430	41,796	39,291	38,071	40,768	42,353	40,599	38,076	47,648	60,709	43,274
Canara Bank	43,750	44,022	41,388	41,252	46,810	48,935	69,240	69,410	84,425	108,688	59,792
Public Sector Banks	**328,856**	**340,990**	**345,673**	**391,467**	**431,528**	**478,396**	**526,235**	**527,704**	**638,908**	**804,036**	**481,379**
HDFC Bank	48,470	60,221	69,306	80,241	98,972	114,813	120,858	127,753	161,586	258,341	114,056
ICICI Bank	49,091	52,739	54,156	54,966	63,401	74,798	79,118	86,375	109,231	142,891	76,677
Kotak Mahindra Bank	9,720	16,384	17,699	19,749	23,943	26,930	26,840	27,039	34,251	45,799	24,835
AXIS Bank	35,479	40,988	44,542	45,780	54,986	62,635	63,645	67,377	85,164	109,369	60,996
IndusInd Bank	9,692	11,581	14,406	17,281	22,261	28,783	29,000	30,822	36,368	45,748	24,594
Private Sector Banks	**152,451**	**181,914**	**200,109**	**218,017**	**263,563**	**307,959**	**319,462**	**339,366**	**426,599**	**602,147**	**301,159**

Table 2 showcases the total income of individual public and private sector banks in India from 2014-15 to 2023-24. The table shows how both sectors experienced continuous growth in their total income over multiple years which demonstrates their expanding role in the Indian banking sector.

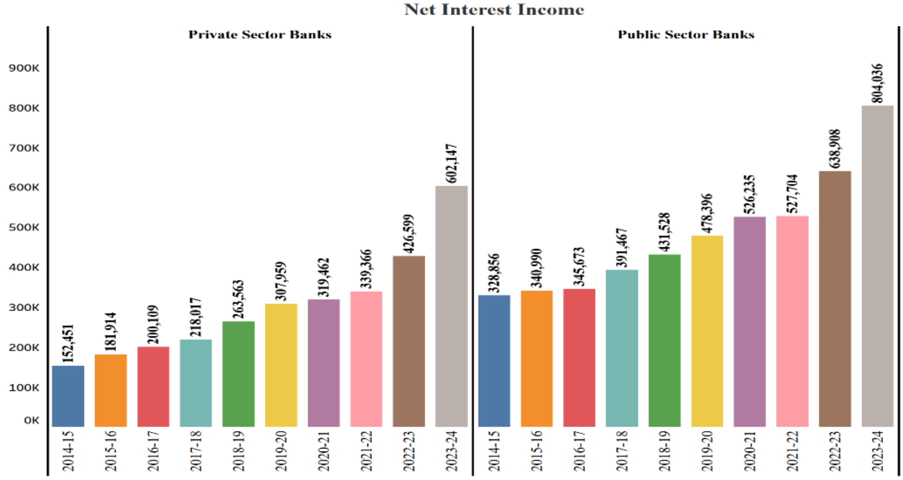


Fig 2: Represents growth of total net interest income of public and private sector banks

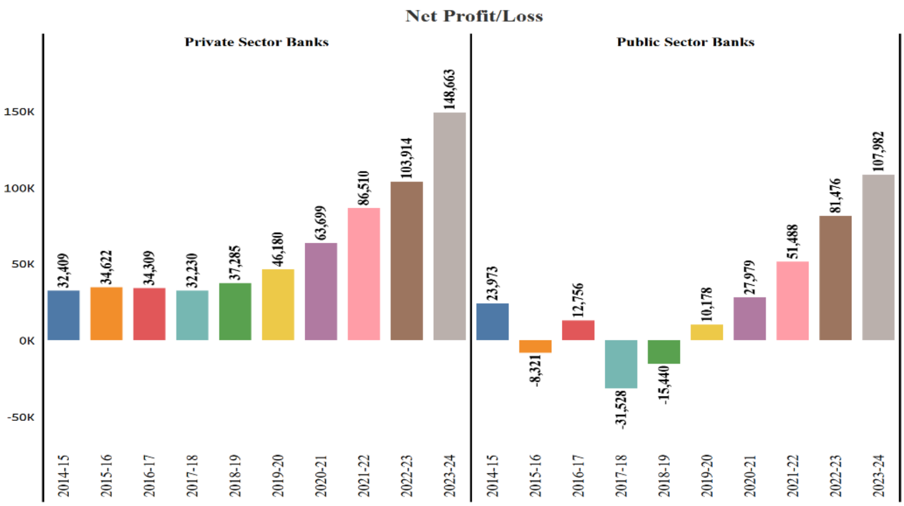
Fig 2 compares the Net Interest Income (NII) of Private Sector Banks and Public Sector Banks in India over ten financial years from 2014-15 to 2023-24. Public Sector Banks experienced a larger increase in net interest income during the period from 2014-15 to 2023-24 closing at ₹804,035.65 crore but remained below Private Sector Banks' highest NII of ₹602,147.27 crore in 2023-24.

Table 3: Showing total net profit of public and private sector banks.

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	MEAN
State Bank of India (SBI)	13,102	9,951	10,484	(6,547)	(698)	14,488	20,410	31,676	50,232	61,077	20,417
Punjab National Bank (PNB)	3,062	(3,974)	1,325	(12,283)	(9,975)	336	2,022	3,457	2,507	8,245	(528)
Bank of Baroda (BOB)	3,398	(5,396)	1,383	(2,432)	434	546	829	7,272	14,110	17,789	3,793

Bank of India (BOI)	1,709	(6,089)	(1,558)	(6,044)	(5,547)	(2,957)	2,160	3,405	4,023	6,318	(458)
Canara Bank	2,703	(2,813)	1,122	(4,222)	347	(2,236)	2,558	5,678	10,604	14,554	2,829
Public Sector Banks	**23,973**	**(8,321)**	**12,756**	**(31,528)**	**(15,440)**	**10,178**	**27,979**	**51,488**	**81,476**	**107,982**	**26,054**
HDFC Bank	10,216	12,296	14,550	17,487	21,078	26,257	31,117	36,961	44,109	60,182	27,425
ICICI Bank	11,175	9,726	9,801	6,777	3,363	7,931	16,193	23,339	31,897	40,888	16,109
Kotak Mahin-dra Bank	1,866	2,090	3,412	4,084	4,865	5,947	6,965	8,573	10,939	13,782	6,252
AXIS Bank	7,358	8,224	3,679	276	4,677	1,627	6,589	13,025	9,580	24,861	7,990
Indu-sInd Bank	1,794	2,286	2,868	3,606	3,301	4,418	2,836	4,611	7,390	8,950	4,206
Private Sector Banks	**32,409**	**34,622**	**34,309**	**32,230**	**37,285**	**46,180**	**63,699**	**86,510**	**103,914**	**148,663**	**61,982**

Table 3 showcases the financial performance (net profits or losses expressed in crore INR units) of Indian public and private sector banks from 2014-15 to 2023-24. Total



financial performance statistics show steady but different rates of expansion in private banks alongside variable patterns observed in public sector banks.

Fig 3: Represents growth of total net profit of public and private sector banks.

Fig 3 showcases public and private sector banks managed their net profits or losses from 2014-15 through 2023-24. The data shows public sector banks experiencing varying results including losses but private sector banks showcase reliable profit growth paths.

Table 4: Showing Return on Assets of public and private sector banks.

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	MEAN
State Bank of India (SBI)	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.08	0.06
Punjab National Bank (PNB)	0.09	0.08	0.08	0.07	0.08	0.07	0.07	0.07	0.07	0.08	0.08
Bank of Baroda (BOB)	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.07	0.08	0.07
Bank of India (BOI)	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.07	0.07	0.07
Canara Bank	0.09	0.09	0.08	0.08	0.08	0.08	0.07	0.07	0.08	0.09	0.08
Public Sector Banks	**0.37**	**0.37**	**0.36**	**0.36**	**0.36**	**0.36**	**0.34**	**0.32**	**0.34**	**0.39**	**0.36**
HDFC Bank	0.10	0.10	0.09	0.09	0.09	0.09	0.08	0.08	0.08	0.09	0.09
ICICI Bank	0.09	0.09	0.10	0.08	0.08	0.08	0.08	0.07	0.08	0.09	0.09
Kotak Mahindra Bank	0.11	0.10	0.10	0.09	0.09	0.09	0.08	0.08	0.08	0.09	0.09
AXIS Bank	0.09	0.10	0.09	0.08	0.09	0.09	0.08	0.07	0.08	0.09	0.09

Indu-sInd Bank	0.11	0.11	0.10	0.10	0.10	0.12	0.10	0.10	0.10	0.11	0.10
Private Sector Banks	**0.51**	**0.50**	**0.49**	**0.44**	**0.45**	**0.46**	**0.42**	**0.39**	**0.42**	**0.46**	**0.45**

Table 4 showcases the Return on Assets (ROA) of key public and private sector banks in India from 2014-15 to 2023-24.

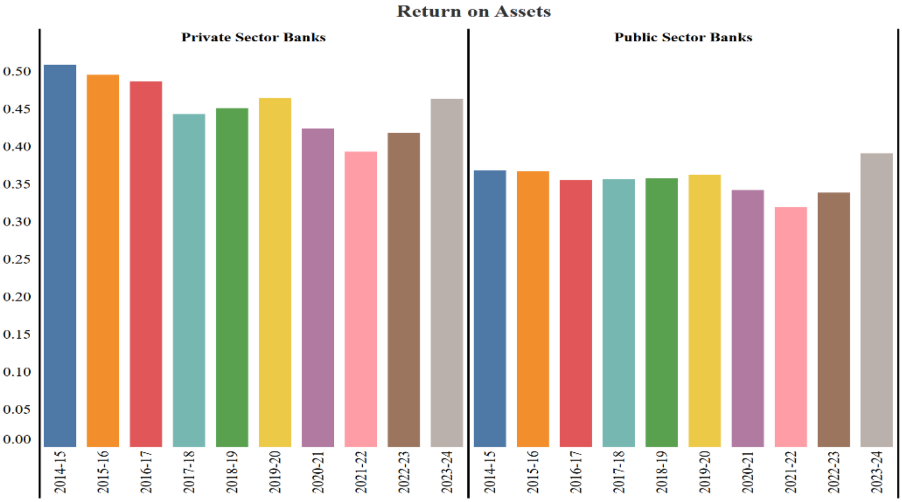


Fig 4: Represents Return on Assets of public and private sector banks.

Fig 4 compares the Return on Assets (ROA) of public and private sector banks in India from 2014-15 to 2023-24. Private sector banks achieve consistently superior Return on Assets (ROA) results as they excel at utilizing assets for profitable purposes. Public sector banks maintain stable Return on Assets figures that remain lower than private sector banks because of their moderate efficiency enhancements throughout the period.

T Test:

H (0): There is no significant difference between the total net profits of public and private sector banks.
H (1): There is a significant difference between the total profits of public and private sector banks.

Table 5: Showing total net profit of public and private sector banks.

Public Sector Banks	Private Sector Banks

23,973	32,409
(8,321)	34,622
12,756	34,309
(31,528)	32,230
(15,440)	37,285
10,178	46,180
27,979	63,699
51,488	86,510
81,476	103,914
107,982	148,663

Column1	Column2	Column3
t-Test: Two-Sample Assuming Equal Variances		
	23973.13	*32408.79*
Mean	26285.5	65268.13
Variance	2135247370	1629809814
Observations	9	9
Pooled Variance	1882528592	
Hypothesized Mean Difference	0	
Df	16	
t Stat	-1.905928491	
P(T<=t) one-tail	0.037393502	
t Critical one-tail	1.745883676	
P(T<=t) two-tail	0.074787003	
t Critical two-tail	2.119905299	

6. Key findings:

Private banking institutions known as PVBs show constantly higher levels of performance than their public counterpart PSBs regarding both profitability metrics and operational efficiency. These dominant advantages result from the combination of strategic management practices together with technological advancements along with focus on customers. PVBs need to develop continuous improvements in their resource management and procedural processes because of competitive market forces. The organizations operate their businesses at lower cost-to-income ratios because they effectively distribute resources while maintaining tight cost control.

PSBs operate with operational challenges from dealing with bureaucratic limitations in combination with their antiquated management systems. The government provides multiple modernization programs to update these institutions yet their operational structures along with slow decision processes refrains from changing. PSBs face organization requirements to fulfill socio-economic duties by offering loans to priority sectors yet this practice produces negative effects on their profit performance.

Financial stability and health of banks directly relates to the quality of their assets because this demonstrates credit risk management capabilities. Excellent asset quality exists at PVBs over PSBs because they maintain rigorous risk management procedures while approaching lending operations with caution. The PVBs conduct detailed credit assessment and activate recovery methods to keep non-performing assets (NPAs) at minimum levels.

PSBs experience excessive non-performing assets as a result of their practice of allowing flexible credit lending to vulnerable sectors and the impact of political intervention. The Insolvency and Bankruptcy Code (IBC) introduced organized procedures for resolving stressed assets although Public Sector Banks continue to encounter severe challenges from NPAs.

A bank reaches success by building strong market standing through customer satisfaction. PVBs improve customer satisfaction levels through personalized services and quick grievance responses on simple digital platforms surpassing the customer satisfaction of PSBs. Through innovative solutions PVBs provide both exceptional customer service and smooth digital banking services to their clients.

The public service banking system faces strong criticism because its outdated bureaucratic methods and delayed service delivery routes. Several PSBs now initiate customer experience enhancement through mobile banking app deployment and service improvements that come as part of their Digital PSB program. Public sector banks maintain an important service quality gap when compared to private venture banks.

When the Indian banking sector received liberalization in the early 1990s the marketplace began to show competitive elements that powerfully reshaped the industry. PVBs entry into the market brought fundamental changes that stimulated PSBs to enhance operations while shifting to market-oriented strategies. The market entry of PVBs became possible through technological advancements which enabled them to offer new products and services to customers.

PSBs needed to accept open competition during liberalization though their organization-wide transformation methods went beyond what the PVBs offered. The transition within PSB entities has faced delays because of government ownership together with social and economic responsibilities and official bureaucratic choice procedures. Various PSB organizations also collaborate with government reforms to increase their competitiveness.

The digitization process functions as a fundamental factor that divides the banking sectors of Public Sector Banks from Private Voluntary Banks. PVBs leverage fake intelligence (AI) and machine learning (ML) union with blockchain technology to achieve better operational efficiencies which improves customer experience functionalities. Internet banking services and digital wallet solutions with AI-based financial advice capabilities represent basic financial features which PV Banks deliver to their customers.

PSBs demonstrate slower innovation for services because they have constrained resources while their old systems present difficulties during adoption. The Digital PSB program demonstrates positive operational modernization results through its connections with fintech companies. Strategic digital transformation efforts within PSBs will result in their platform technologies matching those used by PVBs.

Successful banking institutions rely entirely on proper risk management approaches for their financial health. AI technology collaborates with ML technology within risk assessment frameworks at PVBs for complete credit assessment as well as identification of any fraudulent activities across their frameworks. The proactive risk management approach undertaken by PVBs allows them to maintain low non-performing assets and high-quality assets.

PSBs encounter major difficulty in managing their credit risks. The increasing number of Non-Performing Assets affects both profit margin and capital strength of PSBs. PSB better risk management functions result from Govt measures to recapitalize PSBs while implementing the IBC code. PSBs must handle past issues and upgrade their evaluation procedures to realize effective performance.

The financial institutions of PSBs alongside PVBs face two main problems including increasing loan default rates and insufficient credit growth patterns. The pandemic increased existing financial challenges causing increased pressure on different industries. Through better risk management strategies and adaptive process approaches PVBs efficiently addressed their challenges.

The financial difficulties of PSBs became more dire since they operated heavily within vulnerable sectors while holding larger proportions of non-performing assets (NPAs). The existing standards of risk assessment and prudent lending need improvement to become evident.

The banking sector in India demonstrates persistent resistance against challenges while maintaining conditions to expand. The banking sector will move toward enhanced customer-oriented services while becoming more efficient through the combination of current reforms and technological enhancements and PSB/PVB cooperative strategies.

Public and private sector banks can develop a robust sustainable financial system in India through their focus on technological upgrades combined with effective risk management and customer-oriented strategies.

7. Suggestions and Recommendations:

Revamp Scenario and PSBs Overhaul Rejuvenating the Indian banking, especially the Public Sector withouy ank REFORMS or PSBs is a combination of technological up gradation, improved risk leadership, customer-centric service, and performance-related incentives. Enhancing cooperation between public and private banks by way of cooperation, legislative reform, and financial inclusion efforts is necessary to address operational inefficiencies and expand access. Continuous employee training, broadening of revenue streams and the creation of strong governance and accountability structures will, in addition, enable banks to overcome dynamic challenges. With the integration of advanced technologies, ethical practices, and innovation-driven strategies, the banking sector is well-positioned to become more resilient, efficient, and inclusive, contributing significantly to India's long-term economic growth and financial stability.

8. Limitations of the Study:

Limitations The study has some limitations that may influence the thoroughness and validity of its findings. It is based largely on banking reports and government data, some of which can be dated or imprecise. Second, the analysis was confined to the timeframe 2015–2025 and is not designed to reflect long-term trends or any future impact. It leaves out key segments of the banking industry such as regional rural and cooperative banks, and doesn’t include direct customer complaints, relying instead on secondhand reports. The analysis is not providing a deeper understanding of macroeconomic forces, there is only a cursory evaluation of risk and NPAs, and more sophisticated tools such as stress tests are absent. Varying levels of digital adoption across banks may also affect comparisons, and certain performance evaluations are based on subjective judgments. Additionally, the study does not offer forecasts or predictive insights into future banking sector developments.

Conclusion

During the past decade the Indian banking sector has evolved through substantial changes as public and private banking institutions worked together to shape financial systems across India. The public sector provides fundamental financial inclusion capabilities alongside socio-economic development support while the private sector leads innovation and satisfied customer experiences. The period from 2015 to 2025 highlights the contrasting performance dynamics of these two categories of banks. The challenges faced by public sector banks have not deterred them from implementing operational efficiency improvements together with financial health initiatives. Private financial institutions maintain their continuous growth path through technological innovation and unmatched customer care as well as technology adoption. Moving forward, the banking industry will depend heavily on public-private alliances with sustainable practices and modern technology solutions to sustain financial prosperity. The combination of India's public and private sector banking institutions should work together through knowledge sharing and improvement of their limitation points to advance Indian economic development as well as international financial presence.

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