

## **Review of Performance of RRBs during FY 2022-23**

### **Part I - Performance Review**

#### **A. Introduction**

Regional Rural Banks (RRBs) were established based on the recommendations of the Narasimham Working Group (1975) as a distinct set of regionally oriented rural banks, combining the 'local feel and familiarity of rural problems', a characteristic of cooperatives, and 'professionalism and large resource base', a characteristic of commercial banks.

The first 5 RRBs were set up on 2 October 1975 after promulgation of an ordinance, which was later replaced by the Regional Rural Banks Act, 1976. They are jointly owned by Government of India (GoI), State Governments and Sponsoring commercial banks with equity contribution in the ratio 50:15:35 (GoI: State Government: Sponsor Banks). RRBs are regulated by RBI and supervised by NABARD.

The basic objective of RRBs was to function as professionally managed alternative channel for credit dispensation to small and marginal farmers, agricultural labourers, socio-economically weaker section of population for development of agriculture, trade, commerce, small scale industry and other productive activities in rural areas. RRBs are expected to mobilise resources and deploy them locally, thus playing a significant role in developing agriculture and rural economy.

The 'Review of RRBs during FY 2022-23' is divided into two parts viz., Part I – Review of the Financial Performance of RRBs, and Part II – Policy Initiatives and support for Development of RRBs.

#### **B. Financial Performance of RRBs during FY 2022-23**

- ✓ **Highest ever consolidated net profit- ₹ 4,974 crore in FY 2022-23 (54.5 % YoY growth)**
- ✓ **GNPA @ 7.28%- lowest in previous 7 years**
- ✓ **CD Ratio @ 67.50%- highest in over 15 years**
- ✓ **Highest ever CRAR @ 13.43%**
- ✓ **Consolidated Business size crosses ₹ 10 Trillion (10.1% YoY growth)**

Comparative position of Key Performance indicators of RRBs, are furnished in Annexure-I.

#### **1. Presence and Reach**

As on 31 March 2023, there were 43 RRBs sponsored by 12 Scheduled Commercial Banks with 21,995 branches (21,892 branches as on 31 March 2022) with operations extending to 30.57 Crore deposit accounts and 2.88 Crore loan accounts in 26 States

and 3 Union Territories (Puducherry, Jammu & Kashmir, Ladakh) covering 703 districts.

The States of Goa and Sikkim do not have RRBs. All the public sector banks, except Punjab & Sind Bank, sponsor one or more RRBs. J & K Bank is the only private sector bank to sponsor an RRB. 92% of the RRB branches are located in rural/semi-urban areas.

## **2. Unprecedented Capital Support for RRBs**

FY 2021-22 was a watershed year in the context of RRBs as GoI had decided to infuse ₹ 10,890 crore (GoI share (50%)- ₹ 5,445 crore) of capital in RRBs during FY 2021-22 and FY 2022-23. The total recapitalisation assistance to RRBs during FY 2022 and FY 2023 would amount to ₹ 10,890 crore after proportionate share capital contribution by State Governments (15%) and Sponsor Banks (35%).

This is in comparison to the total capital infusion of ₹ 8,393 crore by all stakeholders from 1975 till FY 2020-21, i.e., more capital has been sanctioned for RRBs in 2 years (FY 2021-22 & FY 2022-23) than the capital infused in RRBs over a period of 45 years (1975 to 2021).

### **2.1. Objectives of the Recapitalisation Scheme**

RRBs have been regularly infused with capital in the past to help them meet the regulatory requirement of 9% CRAR (Capital to Risk Weighted Assets Ratio).

However, this latest scheme aims to rejuvenate and revitalize the RRBs with sufficient growth capital to facilitate reinventing themselves as sustainably viable and self-sufficient financial institutions and for leading the growth process and the change in rural areas. The capital infusion will help RRBs in technology adoption and to efficiently cater to the financial inclusion needs of the rural populace.

Further, the recapitalisation scheme is accompanied by operational and governance reforms under the broad ambit of Sustainable Viability Plan with a well-defined implementation mechanism.

RRBs reported consolidated net losses in FY 2018-19, for the first time since FY 1996-97 because of implementation of Regional Rural Bank (Employees') Pension Scheme, 2018 with effect from 1 April 2018, after the verdict of the Hon'ble Supreme Court. The implementation of the pension scheme entailed a huge financial liability on the RRBs amounting to ₹ 27,444 crore. The recapitalisation support will also help the RRBs to meet the pension liability without impacting their lending ability.

### **2.2. Progress in Achievement of Objectives of Recapitalisation Scheme**

Consequent upon the landmark decision of GoI to sanction ₹ 10,890 crore of recapitalisation assistance during FY 2021-22 and FY 2022-23, all RRBs had rolled out a 3-year Board approved Viability Plan (VP) in FY 2022-23 with a well-defined implementation mechanism aimed at achieving sustainable viability through credit expansion, business diversification, asset quality improvement, cost rationalization, technology adoption and improvement in corporate governance.

In this backdrop, the performance of RRBs has improved significantly during FY 2022-23 and has reached historic highs on all fronts. RRBs have posted highest ever

consolidated net profit of ₹ 4,974 crore during FY 2022-23 and their consolidated Capital to Risk Weighted Assets Ratio (CRAR) was at an all-time high of 13.43% as on 31 March 2023. The asset quality measured by GNPA (Gross Non-Performing Assets) at 7.28% was the lowest in the previous 7 years. Credit expansion led to an increase in consolidated CD ratio to 67.50%, which was the highest in over 15 years. The pace of technology adoption has increased as more RRBs have started rolling out digital services to their customers. Also, RRBs have shown renewed interest in financial inclusion activities as their share in the implementation of flagship schemes has increased during the year.

### ***2.3. Status of receipt of sanctioned recapitalisation assistance***

#### ***2.3.1. Status of receipt of recapitalisation assistance sanctioned in FY 2021-22***

₹ 8,168 crore (GoI Share: ₹ 4,084 crore) was sanctioned as recapitalisation assistance to 22 RRBs for FY 2021-22. Department of Financial Services (DFS), GoI vide their sanction letter dated 28 March 2022 accorded approval for placing GoI's share of ₹ 4,084 crore towards recapitalisation of 22 RRBs at the disposal of NABARD, with the advice to release the GoI's share to RRBs on pro-rata basis, depending upon the proportionate prior release of the funds by the Sponsor Banks and the State Governments.

All the 22 RRBs have received the entire amount of recapitalisation assistance sanctioned during FY 2021-22 by 31 March 2023 from all the stakeholders.

#### ***2.3.2. Status of receipt of recapitalisation assistance sanctioned in FY 2022-23***

An amount of ₹2,722 crore was sanctioned to 22 RRBs during last week of March in FY 2022-23 and 10 RRBs have received the Sponsor Bank's share amounting to ₹ 651.42 crore by 31 March 2023. None of the RRBs received the GoI's Share and State Government's share of recapitalisation assistance sanctioned in FY 2022-23 by 31 March 2023.

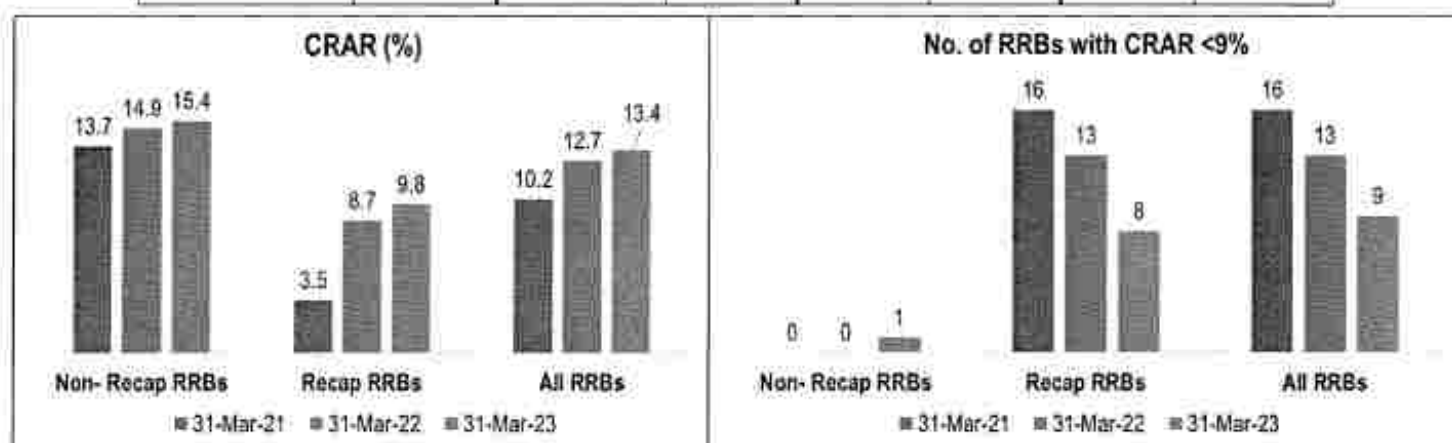
The RRB wise amount and status of receipt of recapitalisation assistance from different stakeholders during FY 2021-22 & FY 2022-23 is given in Annexure-IV.

### **3. Capital Adequacy**

As per the regulatory stipulations of RBI, RRBs have to maintain a minimum CRAR of 9%. The consolidated CRAR of RRBs, which stood at 10.16% as on 31 March 2021, before the beginning of current tranche of recapitalisation process in FY 2021-22, has steadily increased to 12.71% as on 31 March 2022 and 13.43% as on 31 March 2023. Apart from the capital support received from the stakeholders, the increase in profitability of RRBs during FY 2021-22 and FY 2022-23 also contributed to the improvement in CRAR.

The number of RRBs with CRAR less than 9% has declined from 16 as on 31 March 2021 (before the recapitalisation process started) to 9 as on 31 March 2023.

RRB Category	No. of RRBs	31-Mar-21		31-Mar-22		31-Mar-23	
		CRAR (%)	No. of RRBs with CRAR < 9%	CRAR (%)	No. of RRBs with CRAR < 9%	CRAR (%)	No. of RRBs with CRAR < 9%
Non-Recapitalised RRBs	21	13.68	0	14.87	0	15.35	1
Recapitalised RRBs	22	3.48	16	8.73	13	9.83	8
<b>Grand Total</b>	<b>43</b>	<b>10.16</b>	<b>16</b>	<b>12.71</b>	<b>13</b>	<b>13.43</b>	<b>9</b>



***Of the 16 RRBs whose CRAR was less than 9% as on 31 March 2021, the CRAR of following 8 RRBs improved beyond 9% during FY 2021-22/FY 2022-23:***

S.No	Name of RRB	31-Mar-21	31-Mar-22	31-Mar-23
1	Bangiya Gramin Vikash Bank	0.27	8.89	11.62
2	Kerala Gramin Bank	6.57	11.41	13.10
3	Madhya Pradesh Gramin Bank	2.69	8.80	11.12
4	Madhyanchal Gramin Bank	-11.17	10.39	11.60
5	Odisha Gramya Bank	-7.61	5.49	9.26
6	Utkal Gramin Bank	-16.01	3.44	10.83
7	Uttar Bihar Gramin Bank	-2.33	7.29	9.21
8	Uttarakhand Gramin Bank	6.25	11.01	11.53

Despite recapitalisation assistance sanctioned in FY 2021-22, 8 RRBs continued to have CRAR < 9% as on 31 March 2023 due to losses incurred in FY 2021-22 and/or FY



2022-23. Of these 8 RRBs, CRAR improved in the case of 5 RRBs during FY 2022-23 (Table II(b)).

<b>Table II (b): Movement in CRAR (%) of RRBs with CRAR &lt;9% as on 31 March 2023</b>					
<b>S.No</b>	<b>Name of RRB</b>	<b>31-Mar-21</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>Movement in FY 2022-23</b>
<b>Recapitalised RRBs</b>					
1	Assam Gramin Vikash Bank	1.83	8.07	7.82	Declined
2	Dakshin Bihar Gramin Bank	5.66	3.43	-0.27	Declined
3	Ellaquai Dehati Bank	-8.22	-2.78	-2.83	Declined
4	J & K Grameen Bank	-0.35	4.51	5.56	Improved
5	Vidharbha Konkan Gramin Bank	-20.80	-3.07	5.99	Improved
6	Manipur Rural Bank	2.37	5.79	6.93	Improved
7	Nagaland Rural Bank	-2.93	7.97	8.37	Improved
8	Paschim Banga Gramin Bank	0.34	4.38	5.11	Improved
<b>Non-Recapitalised RRBs</b>					
9	Himachal Pradesh Gramin Bank	10.06	9.47	8.24	Declined

Though Himachal Pradesh Gramin Bank (HPGB) has been continuously profitable, its CRAR has been declining over the past 2 years as the growth in capital funds from profits/internal accruals is not commensurate enough to maintain the CRAR over 9% in the face of greater growth in risk weighted assets. The profitability of HPGB has been declining over the previous 2 years primarily on account of provision for pension liability and provision for MTM (Mark To Market) losses. Since the pension liability has come to an end in FY 2022-23, it is expected that the CRAR of HPGB will increase from internal accruals in the years to come.

#### **4. Balance sheet**

The consolidated balance sheet of RRBs stood at ₹ 7.71 lakh crore as on 31 March 2023. The growth in balance sheet of the RRBs accelerated to 9.4% during FY 2022-23 in comparison to the 8.3% growth witnessed during FY 2021-22. The consolidated balance sheet of RRBs is given in Annexure II. The item-wise analysis of assets and liabilities is presented in the ensuing paragraphs.

#### **5. Owned Funds**

The owned funds of RRBs, comprising of share capital and reserves, witnessed a growth of 16.5% during FY 2022-23 and stood at ₹ 57,356 crore as on 31 March 2023. While the share capital grew by 15.8% due to the capital infusion from stakeholders, the reserves grew by a greater extent of 16.8% due to internal accruals from the profits. As a result, the share of owned funds in the total resources increased from 7% as on 31 March 2022 to 7.4% as on 31 March 2023.

#### **6. Deposits**

Deposits, which constituted 78.9 % of the sources of funds, grew by 8.2% during FY 2022-23 and stood at ₹ 6.08 lakh crore as on 31 March 2023. The growth rate in deposits of RRBs was lower than the 10.1% average growth rate in deposits of all Scheduled Commercial Banks during FY 2022-23.

Nevertheless, low-cost CASA deposits constituted 54.5% of the total deposits and RRBs continued to have the highest share of CASA deposits amongst all categories of Scheduled Commercial Banks (Public Sector Banks- 42.1%, Private Sector Banks- 45.0%, Small Finance Banks- 38.2%, Foreign Banks- 43.8%).

While the share of RRBs in the total deposits of all commercial banks was just 3.2% as on 31 March 2023, their share in the number of deposit accounts was higher at 13.7% signifying their role in catering to the banking needs of small depositors. It may also be pertinent to mention that RRBs have the highest average deposit amount per account in PMJDY accounts amongst all categories of banks (₹ 4,292 per account in RRBs vis-à-vis ₹ 4,040 per account for other banks as t end of FY 2022-23).

As on 31 March 2023, 25 RRBs had deposit levels higher than ₹ 10,000 crore and accounted for 84.8% of the aggregate deposits. 10 RRBs had deposits between ₹ 5,000 crore and ₹ 10,000 crore. Thus, 35 RRBs had deposits of more than ₹ 5,000 crore each, which accounted for 97.2% of aggregate deposit of all RRBs. While Baroda U.P. Bank had the highest deposit size at ₹ 59,551 crore, Nagaland Rural Bank had the lowest deposit size of ₹ 135 crore.

The share of CASA to total deposits varied between 19.4% (Tamil Nadu Grama Bank) to 80.2% (Manipur Rural Bank). As on 31 March 2023, 10 RRBs viz., Aryavart Bank, Arunachal Pradesh Rural Bank, Assam Gramin Vikash Bank, Baroda U.P. Bank, Chhattisgarh Rajya Gramin Bank, Dakshin Bihar Gramin Bank, Manipur Rural Bank, Meghalaya Rural Bank, Uttar Bihar Gramin Bank and Uttar Banga Kshetriya Gramin Bank had CASA deposits higher than 70%. Eight RRBs had CASA deposits less than 40 per cent and 7 of them operated in the Southern Region of the country.

An overview of the deposit portfolio of the RRBs and their costs is given in the following table.

**Table III: Deposits of RRBs**

(₹ Crore)

S. N	Parameter	31-Mar-21		31-Mar-22		31-Mar-23	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
1	Total Deposits	5,25,226	100.0	5,62,538	100.0	6,08,509	100.0
a)	Current	11,499	2.2	12,042	2.1	11,945	2.0
b)	Savings	2,71,516	51.7	2,94,438	52.3	3,19,572	52.5
c)	Term	2,42,211	46.1	2,56,057	45.5	2,76,992	45.5
2	CASA Deposits (%)		53.9		54.5		54.5
3	Cost of Deposits (%)		4.5		4.1		4.0
4	Share in Total Liabilities (%)		80.6		79.7		78.9

**Table IV: Range of CASA deposits- 31 March 2023**

Range of CASA deposits %	No. of RRBs	% Share of Banks' Deposits in Total Deposits
> 70 %	10	28.0
60 % to 70 %	6	9.6
50 % to 60 %	11	25.2
30 % to 50 %	12	30.2
<30 %	4	6.8
<b>Total</b>	<b>43</b>	<b>100.0</b>

## 7. Borrowings

The growth in borrowings accelerated to 14.7% during FY 2022-23 as a result of diversification in the sources of borrowings of RRBs. While borrowings from NABARD grew by 9.0%, borrowings from sources other than NABARD and Sponsor Bank witnessed a growth of 177.7%, albeit from the lower base. As a result, the share of borrowings from NABARD and Sponsor Banks in the total borrowings of RRBs reduced from 96.0% to 90.3%. Relaxation in eligibility criteria for availing refinance from MUDRA by RRBs during FY 2022-23 also helped diversification of their borrowing portfolio.

During FY 2022-23, the Repo rate was increased in a phased manner, the interest rates in the market witnessed a reversal from the downward trend witnessed during the earlier years. As a result, the cost of borrowings of RRBs increased by 38 bps to 4.87%. Nevertheless, the cost of deposits marginally declined by 7 bps to 4.04% as the RRBs, like other commercial banks, were slow to increase the interest rates in deposits commensurate to the market rates.

Cost of Deposits was lesser than Cost of Borrowings by 83 bps during FY 2022-23. But mobilizing deposits has its associated costs of management in sourcing and maintaining them. As a result, the share of borrowings in the total liabilities of RRBs has been steadily increasing from 9.2% as on 31 March 2020 to 11.0% as on 31 March 2023. An overview of the borrowing portfolio of the RRBs and their costs is given in Table V.

Due to the acceleration in the growth rate of all sources of funds, the total balance sheet grew by 9.4% during FY 2022-23 and stood at ₹ 7.71 lakh crore as on 31 March 2023.

**Table V: Borrowings of RRBs**

(₹ Crore)

S.N	Parameter	31-Mar-21		31-Mar-22		31-Mar-23	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
1	Total Borrowings	67,864	100.0	73,881	100.0	84,712	100.0
a)	NABARD	61,588	90.8	67,054	90.8	73,119	86.3

b)	Sponsor Bank	3,444	5.1	3,879	5.3	3,408	4
c)	Others	2,832	4.1	2,948	3.9	8,185	9.7
2	Borrowings to Liabilities (%)		10.4		10.5		11.0
3	Borrowings to Loans (%)		20.3		20.4		20.6
4	Cost of Borrowings (%)		5.1		4.5		4.9

## 8. Investments

The healthy growth in availability of funds translated to increased credit growth on the assets side. However, there was a marginal deceleration in the growth of investment portfolio. The growth in investment portfolio decelerated from 7.3% during FY 2021-22 to 6.0% during FY 2022-23.

Of the total investment portfolio of ₹ 3.13 lakh crore as on 31 March 2023, 29.6% was bank balances in the deposit account of other banks and 67.0% was in the category of SLR investments. The remaining 3.4% was in the category of non-SLR investments comprising of shares, debentures, bonds, mutual fund units etc.

Though the share of funds deployed in the term deposits steadily declined from 36.8% as on 31 March 2020 to 24.3% as on 31 March 2022, it increased to 29.6% as on 31 March 2023 as the term deposit rates started to increase.

As the market rates began to increase during FY 2022-23, the yield on investments of RRBs increased by 60 bps to 6.84%. An overview of the investment portfolio of the RRBs and their yields is given in the following table.



**Table VI: Investments**

(₹ crore)

S.N	Parameter	31-Mar-21		31-Mar-22		31-Mar-23	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
1	Total Investments	2,75,658	100.0	2,95,665	100.0	3,13,401	100.0
a)	SLR investments	1,93,097	70.0	2,15,216	72.8	2,09,911	67.0
b)	Balances in Term Deposit Account	72,052	26.1	71,726	24.3	92,746	29.6
c)	Non SLR/Other Investments	10,510	3.8	8,724	3.0	10,744	3.4
2	ID Ratio (%)		52.5		52.6		51.5
3	SLR Investments to Deposits (%)		36.8		38.3		34.5
4	Investments to Total Assets (%)		42.3		41.9		40.6
5	Yield on Investments (%)		6.5		6.2		6.8

**9. Loans and Advances**

The healthy growth in availability of funds translated to increased credit growth on the assets side as the net loans and advances grew by 13.0% during FY 2022-23. The gross loans grew by 13.2% during FY 2022-23 and stood at ₹ 4.11 lakh crore as on 31 March 2023. The average growth rate in loans of all Scheduled Commercial Banks (SCBs) was 15.8% during FY 2022-23. As on 31 March 2023, while the share of RRBs in the total loan amount of all SCBs was 2.9%, the share of RRBs in the number of loan accounts was 8.0%.

Though the major portion of the loans are concentrated in the Priority Sector (88.3%) and specifically under agriculture sector (68.6%) as on 31 March 2023, the share of Priority Sector loans and agriculture loans in total loan portfolio has marginally declined during FY 2022-23 as RRBs are slowly diversifying to other sectors viz. MSME, Housing and retail sectors.

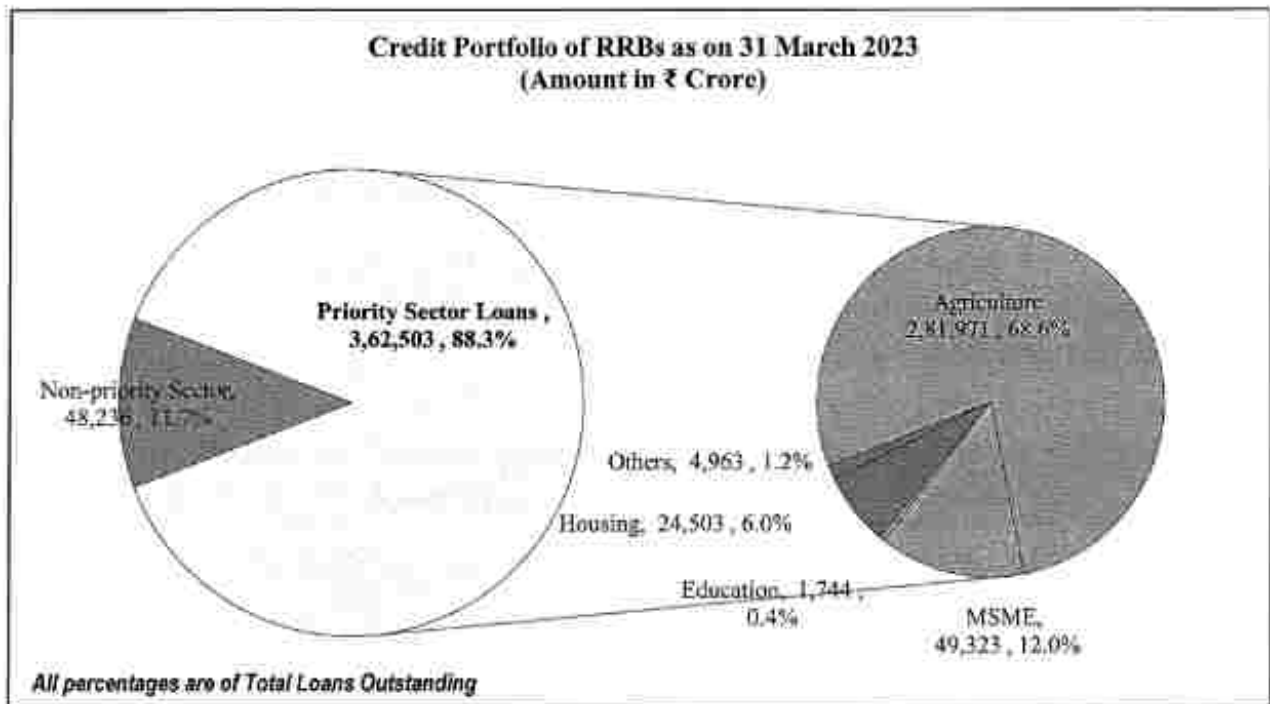
As on 31 March 2023, 88.3% was towards Priority Sectors identified by RBI out of which 68.6% of the loan portfolio of RRBs was towards agriculture sector, followed by MSME (12.0%). The consolidated loan portfolio of RRBs is summarised in Table VII.

In order to address the issue of declining loan portfolio of RRBs under priority sector loans to education, Ministry of Education, vide gazette notification dated 18 April 2023 has included RRBs which are members of Indian Banks' Association (IBA) as eligible Lending Institutions of the Credit Guarantee Fund Scheme for Education Loans (CGFSEL) administered by National Credit Guarantee Trustee Company Ltd (NCGTC).

**Table VII: Purpose-wise Outstanding Advances**

(₹ Crore)

Purpose	31-Mar-21		31-Mar-22		31-Mar-23		YoY growth in 2022-23 (%)
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	
<b>Priority (i to v)</b>	<b>3,00,962</b>	<b>90.1</b>	<b>3,24,207</b>	<b>89.4</b>	<b>3,62,503</b>	<b>88.3</b>	<b>11.8</b>
i Agriculture	2,33,145	69.8	2,52,890	69.7	2,81,971	68.6	11.5
ii MSME	39,543	11.8	41,609	11.5	49,323	12.0	18.5
iii Education	2,132	0.6	1,896	0.5	1,744	0.4	-8.0
vi Housing	21,127	6.3	22,020	6.1	24,503	6.0	11.3
v Others	5,016	1.5	5,791	1.6	4,963	1.2	-14.3
<b>Non-priority</b>	<b>33,209</b>	<b>9.9</b>	<b>38,631</b>	<b>10.6</b>	<b>48,236</b>	<b>11.7</b>	<b>24.9</b>
<b>Gross Loans O/S</b>	<b>3,34,171</b>	<b>100.0</b>	<b>3,62,838</b>	<b>100.0</b>	<b>4,10,738</b>	<b>100.0</b>	<b>13.2</b>
<b>CD Ratio (%)</b>	63.6		64.5		67.5		
<b>Yield on Advances (%)</b>	9.2		8.7		8.8		



### 9.1. Performance under Priority Sector Lending (PSL) norms

RBI vide Master Directions dated 4 September 2020 issued revised guidelines in respect of Priority Sector Lending (PSL) for Commercial Banks, including RRBs. The following are the major changes for RRBs:

- The guidelines for 'Non-achievement of Priority Sector targets' on the lines of other commercial banks have been made applicable to RRBs. Accordingly, RRBs incurring any shortfall in lending against their PSL target/Sub-targets

from the financial year 2020-21 onwards will be required to make contributions towards RIDF and other refinance funds, as may be decided by RBI.

- b) PSL targets prescribed for "small and marginal farmers" and "weaker sections" are being increased in a phased manner. The increase in targets under SF/MF category is set to benefit the RRBs due to the increased demand for Priority Sector Lending Certificates (PSLCs) under SF/MF category.
- c) RBI has removed the criteria which mandated RRBs to issue IBPCs only in excess of 75% of their outstanding advances.
- d) The achievement under various PSL target/Sub-targets shall be computed on the basis of the ANBC (Adjusted Net Bank Credit) as applicable as on the corresponding date of the preceding year. ANBC shall decrease with increase in PSLCs issued by the RRBs. As a result, the base on which the PSL achievement is computed shall also decrease when RRBs issue PSLCs/IBPCs.

Though RRBs account for just 2.9% (₹ 4.11 lakh crore) of the total bank credit of all Scheduled Commercial Banks, RRBs have effectively leveraged their high priority sector lending portfolio by issuing PSLCs and earning fee income from the same.

During FY 2022-23, the total trading volume of PSLCs of all banks registered a growth of 7.7 per cent and stood at ₹ 7.13 lakh crore in FY 2022-23. The total volume of PSLCs traded by all RRBs during FY 2022-23 increased by 27.9% and stood at ₹ 2.97 lakh crore. Thus, the share of RRBs in the total PSLC market increased from 35.1% during FY 2021-22 to 41.7% during FY 2022-23.

RRBs made a net profit of ₹ 2,741 crore through PSLC transactions during FY 2022-23 (YoY growth of 19.0%). The details of PSLCs issued and purchased by RRBs under each category are given in the following table.

<b>Table VIII: PSLC Transactions of RRBs</b>						
<b>PSLC Issued (Amount in ₹ Crore)</b>						
<b>PSLC Category</b>	<b>FY 2021-22</b>			<b>FY 2022-23</b>		
	<b>No. Of RRBs</b>	<b>Value of PSLCs</b>	<b>Fee Amount Earned</b>	<b>No. Of RRBs</b>	<b>Value of PSLCs</b>	<b>Fee Amount Earned</b>
Agriculture	21	29,850	511	21	40,992	290
General	2	1,750	19	0	-	-
Micro Enterprises	15	7,644	148	14	9,299	31
SF/MF	34	1,17,163	2,172	36	1,44,614	2,685
<b>Total</b>	<b>37</b>	<b>1,56,407</b>	<b>2,850</b>	<b>37</b>	<b>1,94,904</b>	<b>3,006</b>
<b>PSLC Purchased (Amount in ₹ Crore)</b>						
<b>PSLC Category</b>	<b>FY 2021-22</b>			<b>FY 2022-23</b>		

	No. Of RRBs	Value of PSLCs	Fee Amount Expended	No. Of RRBs	Value of PSLCs	Fee Amount Expended
Agriculture	4	1,150	24	14	11,777	41
General	27	67,771	478	30	82,379	203
Micro Enterprises	10	6,223	29	10	7,710	15
SF/MF	3	865	16	1	525	5
<b>Total</b>	<b>28</b>	<b>76,009</b>	<b>547</b>	<b>32</b>	<b>1,02,391</b>	<b>265</b>

The achievement of RRBs against the various targets/sub-targets prescribed by RBI and the list of RRBs not meeting the targets/sub-targets prescribed under the PSL lending guidelines are presented in the following table.

Sector/Sub Sector	Target (%)	Achievement (%)	RRBs not Meeting Target/Sub-target
Overall Priority Sector	75.0	97.5	All RRBs have met all the targets/Sub-targets for FY 2022-23
Agriculture	18.0	41.7	
Small and Marginal Farmers	9.5	21.4	
Non-Corporate Farmers	13.78	96.6	
Micro Enterprises	7.5	14.0	
Weaker Sections	15.0	85.6	

*Note: Target and Achievement for FY 2022-23 are computed on an average basis of achievement for all 4 quarters. ANBC is as on corresponding date of the previous year.*

### **9.2. Agency-wise Ground Level Credit (GLC) Flow to Agriculture**

The total credit flow to agriculture during FY 2022-23 was ₹ 21.55 lakh crore and it witnessed a growth of 15.66% vis-à-vis FY 2021-22. The agency-wise disbursement during the last four-year period by all agencies is given in the table below. While Scheduled Commercial Banks and RRBs have recorded an increase in disbursement



by 18.4% and 18.7% respectively, that of Cooperative Banks has reduced by 2.82% in the year 2022-23, over the corresponding period in the previous year.

**Table X: Ground Level Credit Flow of different agencies**

(₹ Crore)

Agency	GLC	2019-20	2020-21	2021-22	2022-23*
Cooperatives	GLC for the year	1,57,367	1,90,682	2,43,220	2,36,348
	% share to total	11.3	12.1	13.0	11.0
RRBs	GLC for the year	1,65,326	1,90,012	2,04,180	2,42,285
	% share to total	11.9	12.1	11.0	11.2
Commercial Banks	GLC for the year	10,70,036	11,94,704	14,15,964	16,76,528
	% share to total	76.8	75.8	76.0	77.8
	<b>Total</b>	<b>13,92,729</b>	<b>15,75,398</b>	<b>18,63,364</b>	<b>21,55,163</b>

\* Data for 2022-23 is provisional

### 9.3. Total Agri. credit flow–Target and achievement

During the year 2022-23, RRBs have achieved 110% of their GLC target, which improved significantly from 95% achievement in FY 2021-22. While the term loans disbursed by RRBs grew by 12.3% during FY 2022-23 over the previous year, the crop loans grew by 20.1%. RRBs have achieved their term loan disbursement target for the first time in the last 5 years. The achievement against the targets under GLC during the last five years is given in the following table.

**Table XI: Total Agri. credit flow: Target and Achievement by RRBs**

(₹ Crore)

Year	Crop Loan			Term Loan			Total		
	Target	Ach.	Ach %	Target	Ach.	Ach %	Target	Ach.	Ach %
2022-23*	1,80,000	2,00,278	111	40,000	42,007	105	2,20,000	2,42,285	110
2021-22	1,64,247	1,66,782	102	49,721	37,398	75	2,13,968	2,04,180	95
2020-21	1,43,039	1,56,369	109	49,037	33,642	69	1,92,076	1,90,012	99
2019-20	1,35,135	1,38,069	102	40,365	27,257	68	1,75,500	1,65,326	94
2018-19	1,10,000	1,25,654	114	33,000	24,013	73	1,43,000	1,49,667	105

\* Data for 2022-23 is provisional

## 10. Working Results

### 10.1. Profitability

After two consecutive years of losses in FY 2018-19 & FY 2019-20, RRBs, as a whole, reported a consolidated net profit of ₹ 1,682 crore during FY 2020-21. The net profit further increased by 91% to ₹ 3,219 crore during FY 2021-22 and during FY 2022-23,

RRBs posted their highest ever consolidated net profit of ₹ 4,974 crore (54.5% YoY growth).

RRBs reported consolidated net losses in FY 2018-19, for the first time since FY 1996-97 because of implementation of Regional Rural Bank (Employees') Pension Scheme, 2018 with effect from 1 April 2018 after the verdict of the Hon'ble Supreme Court. Considering huge pension liability on account of implementation of the pension scheme, RBI has permitted RRBs to amortize their total pension liability over a period of five years from 2018-19, subject to a minimum of 20 per cent of the pension liability assessed every year.

During FY 2022-23, 37 RRBs posted profit of ₹ 6,178 crore and 6 RRBs incurred losses of ₹ 1,205 crore. The no. of loss making RRBs has steadily declined from 13 in FY 2020-21 to 6 in FY 2022-23. 4 RRBs have turned around in FY 2022-23 after many years of losses:

- a) Nagaland Rural Bank (8 years),
- b) Madhya Pradesh Gramin Bank (4 years),
- c) Vidharbha Konkan Gramin Bank (3 years),
- d) Uttar Bihar Gramin Bank (3 years).

Of the 34 RRBs which posted profit in FY 2021-22 (previous year):

- The net profit of 28 RRBs increased during FY 2022-23.
- In case of 5 RRBs, the net profits decreased in FY 2022-23
- Assam Gramin Vikash Bank turned loss making in FY 2022-23 after turning profitable in FY 2021-22.

Of the 9 RRBs which incurred losses in FY 2021-22 (previous year):

- 4 RRBs turned profit making
- In case of 3 RRBs, the extent of losses incurred during FY 2022-23 have increased in comparison to FY 2021-22: *Dakshin Bihar Gramin Bank, Ellaquai Dehati Bank, J & K Grameen Bank*
- In case of 2 RRBs, the extent of losses incurred during FY 2022-23 has decreased in comparison to FY 2021-22: *Manipur Rural Bank & Paschim Banga Gramin Bank*

Losses of 6 RRBs in FY 2022-23 are primarily due to the following reasons:

- As the repo rate was increased by 250 bps in FY 2022-23, the market value of investment portfolio (SLR securities under AFS and HFT) of RRBs having low CD ratio depreciated as there is an inverse relationship between the bond value and yields. As a result, these RRBs had to provide for the depreciation resulting in Mark To Market losses (MTM losses).
- High NPA
- High Pension Liability

The reasons for improvement in profitability of RRBs during FY 2022-23 are provided below:

- As the interest income grew by 11.6%, the interest expended increased by 7.6% during FY 2022-23. As a result, the Net Interest Income grew by 16.0% during FY 2022-23 and the Net Interest Margin (NIM(%)) improved by 27 bps to 3.76% during FY 2022-23 in comparison to 3.49% during the previous year.
- Healthy growth in Miscellaneous Income- RRBs have effectively utilized their high Priority Sector Lending (PSL) portfolio (particularly their agri. & SF/MF portfolio) to augment their Miscellaneous Income by issuance of PSLCs (Priority Sector Lending Certificates), thus making a net profit of ₹ 2,741 crore in FY 2022-23.
- Improvement in Asset Quality and CD ratio.
- Continuous decline in Cost of Management after the spike witnessed in FY 2018-19 upon implementation of pension scheme.

The consolidated income and expenditure statement of RRBs is given in Annexure III. Profitability of RRBs during the last 3 years is summarized below.

**Table XII: Profitability**

(₹ Crore)

Indicator	2019-20	2020-21	2021-22	2022-23
No. of RRBs	45	43	43	43
No. in Profit	26	30	34	37
Profit of RRBs in Profit (Amount)	2,203	3,550	4,116	6,178
No. in Loss	19	13	9	6
Loss of RRBs in Loss (Amount)	4,411	1,867	897	1,205
No. of RRBs with Accumulated Losses	17	17	16	15
Accumulated Losses	6,467	8,264	9,062	9,841
Aggregate net profit of all RRBs	(-)2,208	1,682	3,219	4,974

### 10.2. Viability

Majority of RRBs, i.e. 28 of 43 RRBs were having sustainable viability (in profit with no accumulated loss) as on 31 March 2023. Nine RRBs posted profit during FY 2022-23 but had accumulated losses from earlier years. Six RRBs had incurred losses during FY 2022-23 and had accumulated losses. As on 31 March 2023, 15 RRBs carried accumulated losses of ₹ 9,841 crore as against the accumulated losses of ₹ 9,062 crore reported by 16 RRBs as on 31 March 2022. **During FY 2022-23, Arunachal Pradesh Rural Bank wiped out its accumulated losses.**

Of the 6 RRBs which incurred losses during FY 2022-23 and carried accumulated losses as on 31 March 2023:

- 2 were in Eastern Region (Bihar (1), West Bengal (1))
- 2 were in North-eastern Region (Manipur and Assam)

- 2 were in Northern Region (Jammu & Kashmir)

All RRBs in Southern, Western and Central regions had current/sustainable viability as at the end of FY 2023.

**Table XIII: Viability**

(Amount in ₹ crore)

S. No	Viability Category	31 March 2021			31 March 2022			31 March 2023		
		No. of RRBs	Acc. Losses	Current Profit/loss (-)	No. of RRBs	Acc. Losses	Current Profit/loss (-)	No. of RRBs	Acc. Losses	Current Profit/loss (-)
1	Sustainably viable viz., in profit with no accumulated loss	26	0	3,431	27	0	4,028	28	0	5,748
2	Current profit with accumulated loss	4	1,143	119	7	4,765	88	9	6,685	431
3	Current Loss with acc. loss	13	7,121	-1,867	9	4,297	-897	6	3,156	-1,205
4	Net Position	43	8,264	1,682	43	9,062	3,219	43	9,841	4,974
5	% of Sustainably Viable RRBs	60			63			65		

*Sustainable Viable RRBs are those which are in profit and do not have accumulated losses.*

*Currently Viable RRBs are those which are in profit but have accumulated losses from earlier years.*

## 11. Financial Costs & Margins

FY 2022-23 began with a Repo rate of 4%, which was the lowest in history. The Repo rate gradually increased by 250 bps during FY 2022-23 to 6.5%. As a result of the interest rate reversal in the market, the yield and cost ratios of RRBs also witnessed a reversal.

While the Yield on Assets increased by 27 bps during FY 2022-23, the Cost of Funds remained almost stagnant. As a result, the Net Interest Margin (NIM) improved from 3.49% to 3.76% during FY 2022-23. Cost of Management continued to decline steadily and was lowest in the previous 4 years at 3.05% during FY 2022-23.

As per RBI's Master Directions on presentation of Financial Statements dated 30 August 2021 (updated as on 20 February 2023), provision for depreciation in investments must be deducted from other income. Accordingly, an amount of ₹



2204.41 crore made by RRBs towards depreciation in investment portfolio on account of MTM losses has been deducted from other income during FY 2022-23. Previously, this amount was reported under Provisions and Contingencies head of expenditure. As a result, there is a decline in Miscellaneous Income (%) and Risk Cost (%) during FY 2022-23.

**Table XIV: Financial Costs and Margins (%)**

S. No.	Parameter	2020-21	2021-22	2022-23
1.	Yield on Loans	9.20	8.68	8.85
2.	Yield on Investments	6.49	6.24	6.84
3.	Yield on Assets	7.58	7.21	7.48
4.	Cost of Deposits	4.53	4.11	4.04
5.	Cost of Borrowings	5.08	4.49	4.87
6.	Cost of Funds	4.15	3.72	3.72
7.	Net Interest Margin	3.44	3.49	3.76
8.	Miscellaneous Income	1.14	1.28	0.81
9.	Staff Cost	2.56	2.45	2.33
10.	Cost of Management	3.27	3.19	3.05
11.	Risk Cost	1.03	1.09	0.82
12.	Return on Assets	0.27	0.48	0.69

## 12. Asset Quality

Consolidated Gross Non-Performing Assets of RRBs which was 6.80% as on 31 March 2016 consistently increased to 10.8% as at end of FY 2018-19 on account of transition to a more transparent regime of system-based recognition of NPAs.

The asset quality position of RRBs continued to improve during FY 2022-23 and the Gross NPA (%) reduced to 7.28% as on 31 March 2023, which is the lowest in the previous 7 years. 34 of the 43 RRBs have reported a reduction in absolute Gross NPA (amount) and 37 RRBs have reported a reduction in percentage of GNPA. The Net NPA (%) and PCR (%) also improved during the FY 2022-23 and stood at 3.2% and 59.2%, respectively as on 31 March 2023.

**Table XV: Status of Non-Performing Assets**

(Amount in ₹ Crore)

S. No	Parameters	31 Mar 2021	31 Mar 2022	31 Mar 2023
1	Gross NPA Amount	31,381	33,190	29,894
2	Loans Outstanding (Gross)	3,34,171	3,62,838	4,10,738

3	Loans Outstanding (Net)	3,15,180	3,42,479	3,86,951
4	Net NPA Amount	15,094	16,024	12,364
5	GNPA %	9.4	9.1	7.3
6	Net NPA %	4.8	4.7	3.2
7	Provision Coverage Ratio (%)	51.1	52.0	59.2

Because of better recovery and decline in fresh slippages, the share of sub-standard assets declined from 3.1% to 1.7% during FY 2022-23. The share of doubtful assets and loss assets in total loans declined from 6.1% to 5.6%.

<b>Table XVI: Classification of Non-Performing Assets</b>							
<b>(Amount in ₹ Crore)</b>							
Category of NPA	31-Mar-21		31-Mar-22		31-Mar-23		YoY Growth in 2022-23
	Amount	(%)	Amount	(%)	Amount	(%)	(%)
Sub Standard -1	9,828	2.9	11,318	3.1	6,797	1.7	-39.9
Doubtful Assets -2	20,668	6.2	20,899	5.8	22,090	5.4	5.7
Loss Assets - 3	885	0.3	973	0.3	1,007	0.2	3.5
<b>Gross NPA - (1+2+3)</b>	<b>31,381</b>	<b>9.4</b>	<b>33,190</b>	<b>9.1</b>	<b>29,894</b>	<b>7.3</b>	<b>-9.9</b>

Though MSME and Education sectors account for just 12% and 1% of the credit portfolio of RRBs, sector-wise NPAs highlight high NPAs in these 2 sectors.

- o MSME Sector- GNPA (%) declined from 16.0% as on 31 March 2022 to 12.7% as on 31 March 2023.
- o Education sector- GNPA (%) declined from 24.0% as on 31 March 2022 to 20.4% as on 31 March 2023.

The GNPA (%) has declined in all sectors. Information on portfolio-wise NPA (%) is given in the table below.

<b>Table XVII: GNPA (%) across different sectors- RRBs</b>				
S. No.	Sectors / Sub Sectors	31 Mar 2021	31 Mar 2022	31 Mar 2023
1	Priority Sector	9.9	9.9	8.0
2	Non-Priority Sector Loans	4.6	3.1	1.8
3	Total NPAs	9.4	9.1	7.3
<b>Sectoral NPA (Priority + non-Priority)</b>				
I	Agriculture (A+B+C)	8.3	9.1	7.4
A	Farm Credit (i+ii+iii)	8.2	9.1	7.6

<b>S. No.</b>	<b>Sectors / Sub Sectors</b>	<b>31 Mar 2021</b>	<b>31 Mar 2022</b>	<b>31 Mar 2023</b>
i	<i>Crop Loans</i>	6.9	8.2	7.0
ii	<i>Investment Credit</i>	18.3	17.7	13.4
iii	<i>Allied Activities</i>	8.5	8.8	6.7
B	Agriculture Infrastructure	15.0	16.9	13.6
C	Ancillary Activities	22.5	20.6	15.8
II	MSME	19.4	16.0	12.7
III	Education	23.1	24.0	20.4
IV	Housing	7.0	4.4	3.4

The measures taken for reduction in NPAs include the following:

- Review of status of NPAs has been in the agenda of all the meetings conducted by NABARD to review performance of RRBs, in which all the stakeholders including GoI participate.
- RRBs having *inter alia* Gross NPAs of more than 10% have been identified as 'RRBs in Focus' and advised to prepare Monitorable Action Plans to reduce the level of NPA and review the same in the Board meetings.
- Review Meetings of the 'RRBs in Focus' are conducted to review the position and take remedial measures.
- NABARD has directed all RRBs to compulsorily on-board into the system generated NPAs platform.
- RRBs have informed in the Review Meetings that NPA management cells have been created in RRBs to monitor the recovery and ensure targeted reduction in NPAs.
- At RRB level, all Chairmen with the assistance of their Regional Managers are monitoring branch-wise NPA position not only to improve the position, but also to make efforts to contain the growth in NPAs.
- All RRBs on a regular basis organize recovery camps and follow other recovery strategies to reduce the level of NPAs.

### 13. Productivity

The productivity of RRBs, both in terms of business per branch and per employee, has shown steady improvement over the years and stood at ₹ 46.3 crore and ₹ 11.1 crore as on 31 March 2023, respectively.

**Table XVIII: Productivity**

<b>Productivity</b>	<b>(Amount in ₹ Crore)</b>						
	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Per Branch</b>	27.9	30.1	32.7	35.6	39.3	42.3	46.3
<b>Per Employee</b>	6.9	7.3	7.7	8.5	9.8	10.2	11.1

#### 14. Credit Deposit Ratio (CD Ratio)

As a result of a healthy credit growth of RRBs during the previous 3 years, the consolidated CD ratio of RRBs improved to 67.5% as on 31 March 2023, which was the highest CD Ratio in over 15 years.

The number of RRBs with CD ratio less than 40% has reduced from 13 as on 31 March 2020 to 4 as on 31 March 2023. The number of RRBs in different range of CD ratio during the previous 3 years is given in table below. While the Southern and Western states had healthy CD Ratio, the CD Ratio of RRBs in Eastern, North-eastern, and Central states was relatively lower.

S. No.	Range of CD Ratio	31 Mar 2021	31 Mar 2022	31 Mar 2023
1	Less than 30%	3	2	1
2	Between 30% to 40%	7	6	3
3	Between 40% to 60%	14	14	15
4	Between 60% to 80%	10	13	15
5	Above 80%	9	8	9
<b>Total</b>		<b>43</b>	<b>43</b>	<b>43</b>

#### 15. Performance in Government Schemes

Though RRBs account for just 3.2% of the total deposits of Scheduled Commercial Banks (SCBs) and 2.9% of total loans of SCBs, they hold 13.7% of deposit accounts and 8.0% of loan accounts of SCBs. They have a huge branch network accounting for nearly 14% of SCB branches in the country and they account for nearly 30% of all rural branches in India. Their share in total business is low compared to the number of accounts they cater to because they primarily serve the financial inclusion needs of the small and marginal farmers, agricultural labourers, artisans, and weaker sections of society. As a result, they also play an important role in financial inclusion schemes of GoI.

The YoY growth (%) in enrolments/loans disbursed by RRBs under all Financial Inclusion schemes was greater than the growth rate of all banks during FY 2022-23. As a result, the share of RRBs in implementation of financial inclusion schemes improved during FY 2022-23 and it ranged from 7% to 18.8%. This is in comparison to the 3% share of RRBs in the total business of all commercial banks and 14% share of RRBs in branch network of all commercial banks.

**Table XX: Performance under Financial Inclusion Schemes- Cumulative Accounts / Enrolments in Crore**

S. N	Government Scheme	31-Mar-22			31-Mar-23			YoY Growth (%)	
		RRBs	All Banks	RRBs Share (%)	RRBs	All Banks	RRBs Share (%)	RRBs	All Banks



1	Pradhan Mantri Jan Dhan Yojana	8.32	45.06	18.5	9.13	48.65	18.8	9.7	8.0
2	Pradhan Mantri Suraksha Bima Yojana	3.77	28.37	13.3	5.22	33.78	15.5	38.5	19.1
3	Pradhan Mantri Jeevan Jyoti Bima Yojana	1.57	12.76	12.3	2.24	15.99	14.0	42.7	25.3
4	Atal Pension Yojana	0.74	4.00	18.5	0.98	5.2	18.8	32.4	30.0
5	MUDRA Loans Disbursed (₹ Lakh Crore)	0.20	3.31	6.0	0.33	4.46	7.4	55.0	45.5

## **Part II – Important Developments, Policy initiatives and Support for development of RRBs during FY 2022-23**

### **1. Address by Hon'ble Finance Minister:**

To ensure optimal utilization of unprecedented recapitalisation assistance sanctioned to RRBs, Hon'ble Finance Minister addressed the Chairmen of all RRBs during a discussion meeting held on 'Operational and Governance Reforms in RRBs' on 7 July 2022.

### **2. Workshop on 'Operational and Governance Reforms in RRBs'**

A Workshop on 'Operational and Governance Reforms in RRBs' was held on 3 September 2022 at Reserve Bank of India's College of Agricultural Banking (RBI CAB), Pune under the Chairmanship of Secretary, DFS, GoI with participation of MD & CEOs & EDs of Sponsor Banks, Chairmen of RRBs and officials of DFS and NABARD. All RRBs were advised to prepare a board approved Viability Plan with SMART (Specific, Measurable, Achievable, Relevant, Time-bound) indicators. The metrics which were to be adopted under the Viability Plan were finalised during the workshop and all the RRBs rolled out their Board approved Viability Plans in the first week of October 2022. As a part of this workshop, there were sessions to enable RRBs to present the best practices adopted in their institutions to facilitate knowledge sharing and emulation in other banks.

### **3. Development of RRB Darpan Dashboard**

In order to facilitate comprehensive monitoring of the performance of RRBs including performance under their Viability Plans, DFS, in association with NABARD, has developed a dashboard called RRB Darpan. Data in respect of more than 140 quantitative and qualitative metrics are collected from RRBs on a monthly basis. The Dashboard presents the data submitted by the RRBs in the form of ingenious charts and reports through a user-friendly interface with slicers and dicers.

### **4. Refinance Support from NABARD**

NABARD extends refinance to banks for supplementing their resources for Short-Term (ST) and Long-Term (LT) lending. Refinance increases ground level credit and boosts capital formation in agriculture by making available funds at low interest rates to financial institutions.

The refinance support extended by NABARD to RRBs during FY 2022-23 was ₹ 53,918 crore and this was 8.4% greater than the refinance support provided in FY 2021-22. During the previous two years NABARD has taken the following steps to increase the refinance support for RRBs

- Due to rising interest rates, NABARD introduced floating rates under ST refinance to give the banks flexibility to choose the rate of interest between fixed and floating rates. The ST refinance under floating rate gained traction amongst client banks during 2022-23.
- NABARD has allocated 25% of the corpus of the Short Term RRB Fund and Long-Term Rural Credit Fund (LTRCF) to RRBs in credit-starved districts.

<b>Table XXI: Refinance Support from NABARD for RRBs</b>						
(Amount in ₹ Crore)						
Parameter	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	YoY Growth (%)	
					2021-22	2022-23
No. of RRBs which availed refinance	27	35	42	41	20.0	-2.4
Short Term Refinance	17,045	23,118	27,622	42,092	19.5	52.4
Long Term Refinance	10,849	15,157	14,389	11,826	-5.1	-17.7
Special Liquidity Facility	-	6,700	7,746	-	15.6	-
<b>Total Refinance during the year</b>	<b>27,894</b>	<b>44,975</b>	<b>49,758</b>	<b>53,918</b>	<b>10.6</b>	<b>8.4</b>

### 5. Region-wise Review Meeting of RRBs

NABARD has conducted region-wise review of RRBs to understand their regional/local issues. The meetings were held through Video Conference as follows:

1. Southern Region - 01 August 2022 - 10 RRBs
2. Eastern Region - 03 August 2022 - 09 RRBs
3. Western Region - 04 August 2022 - 08 RRBs
4. North-East Region - 05 August 2022 - 07 RRBs
5. Northern Region - 08 August 2022 - 09 RRBs

RRBs meeting any one of the three criteria viz. CRAR less than 10%, GNPA more than 10 %, having negative Return on Assets (%) for the last two consecutive years are classified as 'RRBs in Focus'. The mechanism of 'RRBs in Focus' serves as a signal of caution to the RRBs to initiate remedial measures to avoid further deterioration of financials and slippage into the 'Prompt Corrective Action' (PCA) framework.

Based on the audited financial position as on 31 March 2023, there are 15 'RRBs in Focus' in comparison to 16 RRBs as on 31 March 2022. The performance in the case of Madhya Pradesh GB which was under the framework during FY 2022-23 has holistically improved and hence has moved out of the framework based on the audited financial position as on 31 March 2023.

Amongst the 16 RRBs identified under the 'RRBs in Focus' category during FY 2022-23, the CRAR (%) improved in 11 RRBs, GNPA (%) improved in all 16 RRBs, profitability measured by Return on Assets (%) improved in 10 RRBs.

### 6. Amalgamation of RRBs

Regional Rural Banks (RRBs) were established in 1975 with the mandate to bring together the positive features of credit co-operatives and commercial banks in order to address the credit needs of backward sections in rural areas. They are regulated by the Reserve Bank and supervised by the NABARD. The RBI constituted a Committee under the Chairmanship of Professor V S Vyas on "Flow of Credit to Agriculture and Related Activities from the Banking System" which examined relevance of RRBs in the

rural credit system and the alternatives for making it viable and submitted its report in FY 2004-05. RBI's Report of the Internal Working Group on RRBs, headed by Shri A.V. Sardesai recommended amalgamation of RRBs to improve the operational viability of RRBs and take advantage of the economies of scale. The consolidation process was initiated by GoI in the year FY 2005-06.

The first phase of amalgamation was initiated Sponsor Bank-wise within a State in 2005 and the second phase was across the Sponsor banks within a State during 2012-2015. As a result of two rounds of amalgamation, the number of RRBs reduced from 196 to 56 and succeeded in bringing better efficiency, higher productivity, robust financial health of RRBs, improved financial inclusion and greater credit flow to rural areas.

GoI initiated the process of third phase of amalgamation of RRBs in FY 2018-19 on the principle of 'One state - One RRB', in smaller States and reduction in number of RRBs in larger states aiming at reduction in total number of RRBs. The new amalgamated RRBs in the states of Bihar and Punjab came into existence on 1 January 2019. As on 31 March 2019, there were 53 RRBs in the country.

With effect from 1 April 2019, 16 RRBs in the 7 states of Assam, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Tamil Nadu and Uttar Pradesh were amalgamated to form 8 new RRBs, bringing down the total number of RRBs in the country to 45.

During FY 2020-21, 3 RRBs in Uttar Pradesh viz. Baroda Uttar Pradesh Gramin Bank, Kashi Gomti Samyut Gramin Bank and Purvanchal Bank amalgamated to form Baroda U.P. Bank under the sponsorship of Bank of Baroda with effect from 1 April 2020. As a result, the number of RRBs in India further reduced to 43 with effect from 1 April 2020. Because of the amalgamation within Public Sector Banks, the number of Sponsor Banks also reduced from 15 to 12 with effect from 1 April 2020.

There were no amalgamations in FY 2021-22 & FY 2022-23.

## **7. Raising of Capital from sources other than from the existing stakeholders**

In terms of the Regional Rural Banks (Amendment Act), 2015, authorized capital of an RRB has been raised from ₹5 crore to ₹2,000 crore. The Amendment also provides that the combined shareholding of Central Government and Sponsor Bank should not be less than 51%, which paves the way for raising of capital from sources other than the existing stakeholders. The amendments to the Act have been brought into force with effect from 4<sup>th</sup> February 2016.

Department of Financial Services, Ministry of Finance, GoI constituted a Committee in May 2018 under the Chairmanship of DMD, NABARD with General Managers of 3 sponsor banks as members, to examine various options available for raising capital by RRBs. The Committee submitted the report to GoI in FY 2018-19.

Reserve Bank of India vide circular dated 1 November 2019 permitted RRBs to issue Perpetual Debt Instruments (PDI) eligible for inclusion as Tier 1 capital so as to maintain prescribed CRAR.



During FY 2021-22 Maharashtra Gramin Bank issued PDIs, eligible for inclusion under Additional Tier I Capital, amounting to ₹ 90 crore and the same was subscribed to by its sponsor bank viz. Bank of Maharashtra.

*Departmental of Financial Services, GoI vide notification dated 14 September 2022 has issued 'Guidelines for Raising Resources from Capital Market' for RRBs. RRBs meeting certain indicative criteria have been permitted to approach capital market for raising resources after approval of all concerned regulators and GoI. Sponsor Banks of RRBs have been advised to identify such RRBs and provide handholding support.*

#### **8. Relaxation in Criteria for offering Internet Banking Services**

Keeping in view the need to promote the spread of digital banking in rural areas, RBI, vide their notification dated 1 November 2022, has relaxed the criteria for RRBs to be eligible to provide internet banking. The number of RRBs which have acquired license for internet banking with transaction facility has increased from 11 to 17 during FY 2022-23.

#### **9. Constitution of Committee in matter of revision in Risk Weights of RRBs and pros and cons of bringing stronger RRBs under Basel III Norms**

GoI constituted a committee under the chairmanship of Shri. Shaji K V, Chairman, NABARD with representatives from GoI, RBI, NABARD, Sponsor Banks and RRBs on 30 September 2022 in matter of revision in Risk Weights of RRBs and pros and cons of bringing stronger RRBs under Basel III Norms.

#### **10. Constitution of Committee for HR related matters**

GoI constituted a committee under the chairmanship of Shri. Shaji K V, Chairman, NABARD, with representatives from GoI, NABARD, Sponsor Banks and RRBs on 30 September 2022 in respect of recruitment, promotion and outsourcing in RRBs, appointment of Chairmen and Officers of Sponsor Banks on deputation to RRBs.

#### **11. Constitution of Working Group Bifurcation of assets and liabilities of Andhra Pradesh Grameena Vikas Bank (APGVB)**

GoI constituted a Working Group under the Chairmanship of Shri. Shaji K V on 26 September 2022 with representatives from NABARD, concerned RRBs and SBI for Bifurcation of assets and liabilities of APGVB between Andhra Pradesh and Telangana.

#### **12. Empanelment of Statutory Auditors for RRBs**

In terms of Sections 19(1) and 19(2) of the Regional Rural Banks Act, 1976, each RRB is required to appoint Auditors for the Statutory Audit of its accounts as also fix the remuneration payable to them, with the prior approval of GoI. GoI has issued detailed guidelines in this regard. As per these guidelines, NABARD will recommend the list of auditors to the GoI for approval. The list of auditors for Statutory Audit of accounts of RRBs for FY 2022-23 was advised to the banks on 31 March 2023 to facilitate completion of Statutory Audit by the stipulated due date of 30 June 2023. The process of finalizing the list of auditors for conducting statutory audit of RRBs for FY 2023-24 is underway.

### **13. Recapitalisation of Regional Rural Banks**

A scheme for recapitalisation to enable RRBs to achieve and maintain CRAR of over 9% was approved by the Union Cabinet in its meeting held on 10 February 2011. Post 2011, the scheme for recapitalisation of RRBs was extended in a phased manner as follows:

- a) **10 February 2011 to 24 March 2020:** Financial support of ₹ 2,900 crore (with 50% GoI's share of ₹ 1,450 crore)
- b) **25 March 2020 to 31 March 2021:** The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 25 March 2020 gave its approval for continuation of the process of recapitalisation of RRBs for another year beyond FY 2019-20 i.e., up to FY 2020-21 for those RRBs which are unable to maintain minimum CRAR of 9% and approved utilization of ₹ 1,340 crore (with 50% GoI share of ₹ 670 crore). ₹ 940 crore of this new tranche of ₹ 1,340 crore was sanctioned in FY 2019-20 and the remaining amount of ₹ 400 crore was sanctioned in FY 2020-21.
- c) The developments pertaining to recapitalisation in FY 2021-22 & FY 2022-23 have been enumerated in section B (2) of Part I under the heading "Unprecedented Capital Support for RRBs".

### **14. Matters relating to Human Resource Development of RRBs**

NABARD looks after various HR issues pertaining to RRBs and forwards its opinion to GoI on matters such as recruitment, promotion and placement, Manpower Planning in RRBs, outsourcing of non-core functions of RRBs, Payment / Release of Employees' / Banks' Contribution to Provident Fund on dismissal / Disciplinary proceedings, post-Retirement benefits, clarification on release of benefits to staff who are dismissed due to disciplinary proceedings, Sabbatical leave etc.

#### **(i) Pay and allowances**

The staff of RRBs are generally drawing pay and allowances at par with their counterparts in public sector banks. The revised pay and allowances of RRB staff, pursuant to the 11th Bipartite Settlement/8th Joint Note for Public Sector Banks, were approved in April 2021. In general, the revised pay structure and Part I & Part II allowances have already been implemented in all RRBs.

DFS, GoI vide letter F.No. 8/1/2021-RRB dated 14 September 2022 approved the following 4 other allowances/benefits to the officers/staff of RRBs as per the 11th Bipartite Settlement/8th Joint Note.

<b>Table XXII: Allowances Extended in FY 2022-23</b>			
<b>Sr.No.</b>	<b>Description</b>	<b>Eligible Category</b>	<b>Applicable Date</b>
1	Location Allowance (Non-CCA Centres)	Officers	01.11.2017
2	Learning Allowance	Officers	01.11.2017
3	Annual Encashment of Privilege Leave	Officers & Staff	Calendar year 2020
4	Performance Linked Incentive Scheme	Officers & Staff	FY 2020-21

The above allowances were to be extended after seeking approval of the respective Board of Directors of RRBs.

*(ii) Pension Scheme*

All RRBs have adopted the Model Pension Scheme approved by the Govt. of India, at par with nationalised banks, with effect from 01 April 2018. However, certain issues relating to the Model Pension Scheme are under litigation at various Courts of Law. NABARD has also proposed certain amendments to the RRB Pension Regulations to the Govt. of India.

DFS, GoI vide letter F.No. 8/1/2022-RRB 28 December 2022 has granted the approval for payment of Family Pension in respect of RRBs at a **uniform rate** of 30% of pay of the deceased employees of RRBs, without any ceiling on family pension, effective from 01 April 2021.

*(iii) Exclusion under EPF and MP Act, 1952*

DFS, GoI has taken up the matter with the Ministry of Labour & Employment to expedite refund of the PF and Pension funds to the RRBs. Further, NABARD has also taken up with the Additional CPFC (Compliance, Legal & Recovery), EPFO, New Delhi for issue of suitable advice to the Zonal RPFCS for refund of balances as requested by the RRBs and to issue formal communication, if any, in regard to exclusion of RRBs, under Section 16 of the EPF & MP Act, 1952.

**15. SHG-Bank Linkage Programme & RRBs**

RRBs have played a significant role in the SHG-Bank Linkage Programme pioneered by NABARD. As on 31 March 2023, 40.48 lakh SHGs were savings linked with RRBs having total savings of ₹18,203 crore as compared to 35.83 lakh SHGs with total savings of ₹ 13,791 crore as on 31 March 2022, maintaining agency wise share of 30% in total SHGs savings linked to banks. Further, 15.70 lakh SHGs were credit linked during 2022-23 as compared to 11.05 lakh SHGs during 2021-22 by RRBs with an agency wise share of 37%.

The NPA as percentage to loans to SHGs for RRBs stood at 2.48% as on 31 March 2023 as compared to 3.14% and 3.99% as on 31 March 2022 and 31 March 2021, respectively.

## 16. Financing of JLGs

During 2022-23, 70.04 lakh JLGs were financed by all agencies taken together to the tune of ₹1,33,373 crore. Of these, RRBs financed 89,767 JLGs with loan amounting to ₹1,358 crore during FY 2022-23 accounting for 1.3% of total JLGs financed by all agencies during the year.

## 17. Status of Technology in RRBs

The status of technology adoption in 43 RRBs as on 31 March 2023 is given in Table XXI:

S. N.	Particulars	No. of Banks
1.	Banks on CBS	43
2.	No. of Banks having RTGS/NEFT	43
3.	Banks on card technology both RuPay Debit and RuPay KCC	43
4.	Public Financial Management System	43
5.	Mobile Banking license obtained	31
6.	Internet Banking with view facility	25
7.	Internet Banking with transaction facility (license acquired)	17

## 18. Technology Upgradation

RRBs play an important role in financial inclusion and are required to prepare Financial Inclusion Plans, which are to be integrated with their business plans. They have been using a combination of strategies to achieve universal financial inclusion including enhanced use of technology. The status of technology upgradation in RRBs in brief is given below:

### 18.1 Post CBS: IT enabled Products and Services

- IMPS: 31 RRBs have mobile banking license which is a pre-requisite to offer this technology through mobile phones. One of the major issues impeding the entry of other RRBs to this facility is the financial criteria prescribed by RBI to obtain permission for offering mobile banking facility.
- E-Com certification: 38 RRBs have done E-Com certification which is necessary to perform an online transaction with a card issued by the RRB.

### 18.2 Internet Banking

RRBs have been permitted to provide internet banking facilities to their customers vide RBI circular DoR.AUT.REC.81/24.01.001/2022-23 dated 01 November 2022. The eligibility criteria to seek approval for providing Internet Banking with transactional facility by RRBs to their customers are as under:

1. Full implementation of Core Banking Solutions (CBS) and migration to IPv6.
2. Compliance with minimum prescribed CRAR.
3. Net worth of ₹50 crore or more.



4. Net NPA of not more than 5%.
5. Net profit in the two immediately preceding financial years.
6. No instance of default in maintenance of CRR/SLR.
7. There shall be no instances of monetary penalty imposed for violation of RBI directives/guidelines during the two preceding financial years.
8. The bank shall have a sound internal control system approved by a CISA qualified independent auditor.

As on 31 March 2023, 25 RRBs have obtained internet banking license out of which 15 RRBs were offering internet banking with transactional facility.

### **18.3 Mobile Banking**

Eligibility Criteria to avail Mobile Banking license for RRBs are as follows:

- a) Licensed Bank
- b) Should be CBS compliant
- c) Minimum CRAR of 9%
- d) Should have net NPA of less than 5%
- e) Should have earned net profit continuously for last three years
- f) No default in CRR/SLR during preceding financial year (whether defaulted)
- g) Compliance to KYC/AML
- h) Sound Internal checks and control system
- i) Two professional directors on Board
- j) No serious irregularities in IR

31 RRBs out of 43 RRBs were providing mobile banking services to their customers as on 31 March 2023. However, the remaining RRBs could not obtain mobile banking license from RBI due to non-compliance to the prescribed regulatory requirements.

### **18.4 BHIM Aadhaar Pay**

BHIM Aadhaar Pay which works on Aadhaar Enabled Payments System (AEPS) platform provides merchant service through Mobile App. Banks which have obtained Merchant Acquirer Business permission from RBI can on-board the merchant on this platform. As on 31 March 2023, 34 RRBs have on-boarded to BHIM Aadhaar Pay as an Issuer.

### **18.5 PoS devices**

PoS devices enable Merchant business for the bank. To encourage banks to cover merchants, NABARD is providing financial support for deployment of POS/mPOS devices in Tier III to VI centers. The Banks need to obtain Merchant Acquirer permission from RBI and complete the PoS Issuer Certification process with NPCI to engage merchants with POS machines. As on 31 March 2023, 35 RRBs have completed PoS certification process.



## **18.6 BHIM UPI**

Bharat Interface for Money (BHIM) app has been launched to make simple, easy and quick payment transactions using Unified Payments Interface (UPI). Through this generic app the requirement of developing, hosting and maintaining mobile banking app by individual banks has been eliminated. In order to enable RRBs to provide banking transactions through BHIM App, the scheme "On-boarding of RRBs and RCBs to BHIM UPI Platform" has been launched. Under the scheme, RRBs are provided financial support up to 80% of total expenditure or ₹ 5.00 lakh (whichever is lower) per bank. As on 31 March 2023, 28 RRBs have on-boarded to BHIM UPI platform as Issuer.

## **18.7 Authentication User Agency (AUA)/e-KYC User Agency (KUA) membership of UIDAI**

All bank account holders have to link their accounts with Aadhaar number if they wish to directly receive Government benefits/subsidies into their accounts. In order to authenticate the accounts opened for DBT purposes as well as to facilitate their account holders to do transactions through biometrics, banks need to access AUA/ Sub-AUA facilities of Unique Identification Authority of India (UIDAI). RRBs need to become AUA/Sub-AUA so that they can provide their customers with Aadhaar authentication services. If required, the e-KYC services may be made available through off-line e-KYC also. NABARD is providing one-time support to RRB to become AUA/ Sub AUA. As on 31 March 2023, 42 RRBs have become members of AUA/Sub-AUA.

## **18.8 Aadhaar Enabled Payment System (AePS)**

Micro ATMs and PoS devices (including BHIM Aadhaar Pay), with AePS-certified application enabled, are the future for providing interoperable doorstep banking services at rural locations. After becoming member of AUA/Sub AUA, RRBs may onboard this platform for providing hassle-free biometric based secure transactions to their customers, who are often illiterate / less literate. Grant support under FIF have been extended to RRBs so that rural population can do Aadhaar based transactions. As on 31 March 2023, 40 RRBs have onboarded to AePS platform. In addition to this, RRBs are being encouraged to enable dual authentication functionalities at micro-ATMs so as to facilitate SHGs to carry out financial transaction at BC point.

## **19. Pradhan Mantri Mudra Yojana (PMMY)**

PMMY was launched by the Hon'ble Prime Minister on 08 April 2015 for developing and refinancing last mile financial intermediaries like banks, NBFCs, MFIs, etc. which are in the business of lending to micro/small business entities engaged in manufacturing, trading and service activities. As against the target of ₹ 29,554 crore for FY 2022-23 allocated to RRBs, the achievement as on 31 March 2023 was ₹ 33,032 crore (111.8%) extended under Shishu (₹ 2,879 crore), Kishore (₹ 22,962 crore) and Tarun (₹ 7,191 crore) categories under the PMMY.

During FY 2022-23, MUDRA approved a Policy for extending refinance assistance wherein RRBs not meeting the prescribed norms would also be extended refinance upon furnishing Comfort Letter from their respective Sponsor Banks.

(Source: MUDRA)

## 20. Stand-Up India

The Stand-Up India Scheme launched on 5 April 2016 aims to promote entrepreneurship among the Scheduled Caste/ Scheduled Tribe and Women by facilitating bank loans of value between ₹10 lakhs and ₹1 crore to at least one SC/ ST borrower and one-woman borrower per bank branch of Scheduled Commercial Banks for setting up Greenfield enterprises in trading, manufacturing, services sector and also for activities allied to agriculture. In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur.

In 2019-20, the Stand-Up India scheme was extended for the entire period coinciding with the 15th Finance Commission of 2020-25. The extent of margin money to be brought by the borrower is 'up to 15%' of the project cost which can be arranged in convergence with the eligible central/ state schemes. However, the borrower shall contribute at least 10% of the project cost as their own contribution.

Regional Rural Banks have been participating in the Stand Up India Scheme. The performance of RRBs under the scheme during FY 2022-23 is as under:

<b>Table XXIV: Overall Achievement (SC/ST and women)</b>				
Amount in ₹ Crore				
<b>Category</b>	<b>Target (No. of Accounts)</b>	<b>Achievement (No. of Accounts)</b>	<b>Sanc. Amt.</b>	<b>Disb. Amt.</b>
SC	17611	426	71.02	52.99
ST		149	32.51	12.39
Women	17611	2434	466.62	131.59
<b>Total</b>	<b>35222</b>	<b>3009</b>	<b>570.15</b>	<b>196.97</b>

Source: Standup India portal

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**Annexure I : RRBs - Comparative position of key performance indicators****(Amount in ₹ Crore)**

<b>Particulars</b>	<b>31 March 21</b>	<b>31 March 22</b>	<b>31 March 23</b>
No. of RRBs (No.)	43	43	43
Branch Network (No.)	21,856	21,892	21,995
Share Capital	8,393	14,880	17,232
Reserves	30,348	34,359	40,123
Deposits	5,25,226	5,62,538	6,08,509
Borrowings	67,864	73,881	84,712
Investments	2,75,658	2,95,665	3,13,401
Gross Loans & Advances O/s	3,34,171	3,62,838	4,10,738
No. of RRBs earning Profit	<b>30</b>	<b>34</b>	<b>37</b>
Amount of Profit (A)	3,550	4,116	6,178
No. of RRBs incurring Losses	<b>13</b>	<b>9</b>	<b>6</b>
Amount of Losses (B)	1,867	897	1,205
Net Profit of RRBs (A – B)	1,682	3,219	4,974
No. of RRBs with acc. Losses	<b>17</b>	<b>16</b>	<b>15</b>
Accumulated Losses	8,264	9,062	9,841
NPA to loans outstanding (%)	9.4	9.1	7.3
No. of RRBs with GNPA>7%	<b>25</b>	<b>21</b>	<b>16</b>
No. of RRBs with GNPA>10%	<b>15</b>	<b>13</b>	<b>10</b>
Net Owned Funds	30,477	40,177	47,515
No. of RRBs with CRAR<9%	<b>16</b>	<b>13</b>	<b>9</b>

## Annexure II: Regional Rural Banks: Consolidated Balance Sheet

(Amount in ₹ Crore)

Sr. No.	Item	At end-March		Y-o-Y Growth in Percent	
		2022	2023	2021-22	2022-23
1	2	3	4	5	6
1	Share Capital	14,880	17,232	77.3	15.8
2	Reserves	34,359	40,123	13.2	16.8
3	Deposits	5,62,538	6,08,509	7.1	8.2
3.1	Current	12,042	11,945	4.7	-0.8
3.2	Savings	2,94,438	3,19,572	8.4	8.5
3.3	Term	2,56,057	2,76,992	5.7	8.2
4	Borrowings	73,881	84,712	8.9	14.7
4.1	from NABARD	67,054	73,119	8.9	9.0
4.2	Sponsor Bank	3,879	3,408	12.6	-12.1
4.3	Others	2,948	8,185	4.1	177.7
5	Other Liabilities	19,742	20,885	-0.1	5.8
	<b>Total liabilities/Assets</b>	<b>7,05,400</b>	<b>7,71,462</b>	<b>8.3</b>	<b>9.4</b>
6	Cash in Hand	3,119	2,888	5.6	-7.4
7	Balances with RBI	22,174	29,332	17.0	32.3
8	Balances in current account	8,127	7,150	35.8	-12.0
9	Investments	2,95,665	3,13,401	7.3	6.0
10	Loans and Advances (net)	3,42,479	3,86,951	8.7	13.0
11	Fixed Assets	1,256	1,406	2.2	12.0
12	Other Assets #	32,580	30,333	3.0	-6.9
12.1	Accumulated Losses	9,062	9,841	9.7	8.6

**Notes:** 1. #: Includes accumulated losses.

2. Totals may not tally on account of rounding off of figures in ₹ Crore. Percentage Variations could be slightly different as absolute numbers have been rounded off to ₹ Crore.

## Annexure III: RRBs: Consolidated Income & Expenditure Statement

(Amount in ₹ Crore)

Sr. No.	Item	Amount		Y-o-Y Change in per cent	
		2021-22	2022-23	2021-22	2022-23
1	2	3	4	5	6
<b>A</b>	<b>Income (i + ii)</b>	<b>56,585</b>	<b>59,427</b>	<b>5.1</b>	<b>5.0</b>
i	Interest income	48,048	53,640	2.7	11.6
ii	Other income	8,537	5,787	21.0	-32.2
<b>B</b>	<b>Expenditure (i+ii+iii)</b>	<b>53,367</b>	<b>54,454</b>	<b>2.3</b>	<b>2.0</b>
i	Interest expended	24,817	26,704	-3.0	7.6
ii	Operating expenses	21,295	21,878	5.4	2.7
	<i>of which, Wage bill</i>	16,338	16,683	3.4	2.1
iii	Provisions and contingencies	7,254	5,872	13.6	-19.1
	<i>of which, Income Tax</i>	1,278	1,424	-0.1	11.4
<b>C</b>	<b>Profit</b>				
i	Operating profit	10,337	10,845	31.3	4.9
ii	Net profit	3,219	4,974	91.3	54.5
<b>D</b>	<b>Average Working Fund</b>	<b>6,66,532</b>	<b>7,16,796</b>	<b>8.0</b>	<b>7.5</b>
<b>E</b>	<b>Financial ratios #</b>				
i	Operating profit	1.6	1.5		
ii	Net profit	0.5	0.7		
iii	Income (a + b)	8.5	8.3		
a)	Interest income	7.2	7.5		
b)	Other income	1.3	0.8		
vi.	Expenditure (a+b+c)	8.0	7.6		
a)	Interest expended	3.7	3.7		
b)	Operating expenses	3.2	3.1		
	<i>of which, Wage bill</i>	2.5	2.3		
c)	Provisions and contingencies	1.1	0.8		
d)	Cost to Income Ratio	67.3	66.9		

**Notes:**

1: # Financial ratios are percentages with respect to average working funds.

2. \*As per RBI's Master Directions on presentation of Financial Statements dated 30 August 2021 (updated as on 20 February 2023), provision for depreciation in investments must be deducted from other income. Accordingly, an amount of ₹ 2204.41 crore made by RRBs towards depreciation in investment portfolio on account of MTM losses has been deducted from other income during FY 2022-23. Previously, this amount was reported under Provisions and Contingencies head of expenditure. As a result, there is a decline in Other Income and Provisions and Contingencies during FY 2022-23.

3. Totals may not tally on account of rounding off of figures in ₹ Crore. Percentage. Variations could be slightly different as absolute numbers have been rounded off to ₹ Crore

4. Provisions & Contingencies include Provision for Income Tax/Income Tax paid



**Annexure IV: Recapitalisation of RRBs- Amount Sanctioned and Released in FY 2021-22 & FY 2022-23**

Recapitalisation of RRBs- Sanctioned in FY 2021-22 (Total: Rs 8,168 crore of which GoI Share (50%): ₹ 4,084 crore)					
The entire amount sanctioned in last week of FY 2021-22 has been released by all stakeholders by 31 March 2023					
S. No	State	Name of RRB	Sponsor Bank Share	State Government Share	GoI Share
			Amount Sanctioned & released	Amount Sanctioned & released	Amount Sanctioned & released. (GoI Share was released through NABARD)
			(₹ Crore)	(₹ Crore)	(₹ Crore)
1	Arunachal Pradesh	Arunachal Pradesh Rural Bank	0.46	0.20	0.66
2	Assam	Assam Gramin Vikash Bank	128.11	54.90	183.01
3	Bihar	Dakshin Bihar Gramin Bank	185.72	79.59	265.31
4	Bihar	Uttar Bihar Gramin Bank	404.10	173.19	577.29
5	J & K	Ellaquai Dehati Bank	34.92	14.97	49.89
6	J & K	J & K Grameen Bank	100.73	43.17	143.90
7	Jharkhand	Jharkhand Rajya Gramin Bank	1.59	0.68	2.27
8	Kerala	Kerala Gramin Bank	219.60	94.12	313.72
9	Madhya Pradesh	Madhya Pradesh Gramin Bank	296.60	127.12	423.72
10	Madhya Pradesh	Madhyanchal Gramin Bank	198.59	85.11	283.70
11	Maharashtra	Maharashtra Gramin Bank	36.15	15.49	51.64
12	Maharashtra	Vidharbha Konkan Gramin Bank	270.24	115.82	386.06
13	Manipur	Manipur Rural Bank	5.10	2.18	7.28
14	Mizoram	Mizoram Rural Bank	11.82	5.07	16.88
15	Nagaland	Nagaland Rural Bank	2.36	1.01	3.37
16	Odisha	Odisha Gramya Bank	273.79	117.34	391.13
17	Odisha	Utkal Grameen Bank	239.16	102.50	341.66
18	Uttar Pradesh	Aryavart Bank	54.60	23.40	78.01
19	Uttarakhand	Uttarakhand Gramin Bank	38.84	16.64	55.48

<b>Recapitalisation of RRBs- Sanctioned in FY 2021-22 (Total: Rs 8,168 crore of which GoI Share (50%): ₹ 4,084 crore)</b>					
<b>The entire amount sanctioned in last week of FY 2021-22 has been released by all stakeholders by 31 March 2023</b>					
<i>S. No</i>	<i>State</i>	<i>Name of RRB</i>	<i>Sponsor Bank Share</i>	<i>State Government Share</i>	<i>GoI Share</i>
			<i>Amount Sanctioned &amp; released</i>	<i>Amount Sanctioned &amp; released</i>	<i>Amount Sanctioned &amp; released. (GoI Share was released through NABARD)</i>
			<i>(₹ Crore)</i>	<i>(₹ Crore)</i>	<i>(₹ Crore)</i>
20	West Bengal	Bangiya Gramin Vikash Bank	253.90	108.81	362.71
21	West Bengal	Paschim Banga Gramin Bank	90.40	38.74	129.15
22	West Bengal	Uttar Banga Kshetriya Gramin Bank	12.02	5.15	17.18
<b>Total</b>			<b>2,858.80</b>	<b>1,225.20</b>	<b>4,084.00</b>

Status of Receipt of Recapitalisation Assistance sanctioned in FY 2022-23 (Phase II) (Amount in Absolute ₹)			Govt Share		State Government Share		Sponsor Bank Share	
S. N	State/UT	Name of RRB	Total Sanctioned/ approved amount	Amount Received	Total Sanctioned/ approved amount	Amount Received	Total Sanctioned/ approved amount	Amount Received as on 31 March 2023
1	Arunachal Pradesh	Arunachal Rural Bank	17,74,680.00	-	5,01,390.00	-	12,51,230.00	-
2	Assam	Assam Gramin Vikash Bank	71,72,83,310.00	-	21,82,80,830.00	-	60,19,88,810.00	50,19,88,810.00
3	Bihar	Dakshin Bihar Gramin Bank	1,89,32,58,870.00	-	56,79,89,620.00	-	1,32,51,90,440.00	1,32,51,90,440.00
4	Bihar	Uttar Bihar Gramin Bank	93,54,71,445.00	-	28,05,70,033.00	-	65,48,30,130.54	-
5	J & K	Eilaqai Dehali Bank	37,57,63,710.00	-	11,25,83,850.00	-	26,29,88,330.00	-
6	J & K	J & K Gramin Bank	1,02,24,41,540.00	-	30,87,19,190.00	-	71,56,78,130.00	-
7	Jharkhand	Jharkhand Rajya Gramin Bank	11,28,94,810.00	-	3,38,62,050.00	-	7,90,11,460.00	-
8	Kerala	Kerala Gramin Bank	65,32,50,290.00	-	19,59,34,870.00	-	45,73,14,890.00	45,73,14,690.00
9	Madhya Pradesh	Madhya Pradesh Gramin Bank	1,98,68,20,005.00	-	59,60,26,245.00	-	1,39,07,57,930.00	1,39,07,57,930.00
10	Madhya Pradesh	Madhyanchal Gramin Bank	32,76,93,210.00	-	9,83,15,820.00	-	22,93,61,860.00	-
11	Maharashtra	Maharashtra Gramin Bank	45,36,40,330.00	-	13,80,98,950.00	-	31,75,59,550.00	31,75,59,550.00
12	Maharashtra	Vidarbha Konkani Gramin Bank	1,57,28,10,660.00	-	47,18,15,180.00	-	1,10,09,83,730.00	1,10,09,83,730.00
13	Manipur	Manipur Rural Bank	5,31,80,680.00	-	1,80,15,210.00	-	3,71,68,810.00	3,71,68,810.00
14	Mizoram	Mizoram Rural Bank	4,12,07,550.00	-	1,23,16,470.00	-	2,88,41,080.00	-
15	Nagaland	Nagaland Rural Bank	1,17,06,430.00	-	34,08,650.00	-	82,18,830.00	-
16	Odisha	Odisha Gramya Bank	45,03,93,140.00	-	13,50,96,340.00	-	31,52,91,690.00	31,52,91,690.00
17	Odisha	Utkal Gramin Bank	14,70,03,980.00	-	4,41,01,920.00	-	10,28,84,370.00	-
18	Uttar Pradesh	Anyavat Bank	1,39,19,77,345.00	-	41,75,11,777.50	-	97,43,84,190.00	97,43,84,190.00
19	Uttar Pradesh	Baroda U.P. Bank	59,42,83,580.00	-	17,82,85,150.00	-	41,59,99,030.00	-
20	Uttarakhand	Uttarakhand Gramin Bank	16,57,89,200.00	-	4,67,76,850.00	-	10,90,52,350.00	-
21	West Bengal	Bangiya Gramin Vikash Bank	13,36,02,085.00	-	4,01,02,897.50	-	9,35,40,097.50	9,35,40,097.50
22	West Bengal	Paschim Banga Gramin Bank	57,77,66,220.00	-	17,33,66,940.00	-	40,44,54,130.00	-
<b>Total</b>			<b>13,61,00,00,000.00</b>	<b>-</b>	<b>4,08,29,77,233.00</b>	<b>-</b>	<b>9,52,67,51,468.04</b>	<b>6,51,41,79,737.50</b>

The share of Govt, State Govt. & Sponsor bank have been adjusted slightly in order to set right the current mismatch in their ratio of 60: 16.35, which had occurred due to the sanction and release of earlier tranches of recapitalisation assistance in ₹ Crore denomination (with 2 decimals) after rounding.

**Summary of Status as on 31 March 2023**

1. Govt's share is contingent upon prior release of proportionate share by respective State Government and Sponsor Bank.
2. None of the 22 RRBs have received the State Government's Share of Recapitalisation Assistance
3. **10 RRBs have received the entire amount of Sponsor Bank's Share sanctioned.** Punjab National Bank (4), Indian Overseas Bank (1), Bank of India (3), Canara Bank (1) and Bank of Maharashtra (1) have released their entire share of Sponsor Bank's share of recapitalisation assistance to the RRBs sponsored by them.
4. **12 RRBs are yet to receive any amount from Sponsor Bank:** State Bank of India (6), Central Bank of India (1), J and K Bank (1), Bank of Baroda (1), UCO Bank (1)