

## **Review of Performance of RRBs during FY 2023-24**

### **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 2023-24' 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 2023-24**

- ✓ RRBs posted highest ever consolidated net profit of ₹ 7,571 crore during FY 2023-24
- ✓ Consolidated Capital to Risk Weighted Assets Ratio (CRAR) was at an all-time high of 14.2% as on 31 March 2024.
- ✓ The asset quality measured by GNPA (Gross Non-Performing Assets) at 6.1% was lowest in the previous 10 years.
- ✓ Credit expansion led to increase in consolidated CD ratio to 71.4%, which was the highest in over 33 years.
- ✓ Consolidated business size crossed ₹ 11 Trillion (10.6% YoY growth)
- ✓ Greater pace of technology adoption & rollout of digital services
- ✓ The share of RRBs in implementation of flagship financial inclusion schemes of GoI viz. PMJDY, PMJJBY, APY increased.

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

## **1. Presence and Reach**

As on 31 March 2024, there were 43 RRBs sponsored by 12 Scheduled Commercial Banks with 22,069 branches (21,995 branches as on 31 March 2023) with operations extending to 31.33 crore deposit accounts and 3.03 crore loan accounts in 26 States and 3 Union Territories (Puducherry, Jammu & Kashmir, Ladakh) covering over 700 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 (J & K Grameen Bank). 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.

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 was 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 has also helped 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 sanction of recapitalisation assistance to RRBs, all RRBs had rolled out a 3-year Board approved Viability Plan (VP) with SMART (Specific, Measurable, Achievable, Relevant, Time-bound) metrics in FY 2022-23 and 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 been steadily improving and reached historic highs on all fronts during FY 2023-24. RRBs have posted highest ever consolidated net profit of ₹ 7,571 crore during FY 2023-24 and their consolidated CRAR was at an all-time high of 14.2% as on 31 March 2024. The asset quality measured by GNPA (%) at 6.1% was the lowest in the previous 10 years. Credit expansion led to an increase in consolidated CD ratio to 71.4%, which was the highest in over 33 years. The pace of technology adoption has increased as more RRBs have started rolling out digital services to their customers. Also, the share of RRBs in the implementation of financial 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***

An amount of ₹ 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 (GoI Share: ₹ 1,361 crore) was sanctioned as recapitalisation assistance to 22 RRBs during last week of FY 2022-23. As on 09 October 2024, all the 22 RRBs received the entire amount of recapitalisation assistance from GoI, Sponsor Banks and State Governments.

As on 31 March 2024, 19 RRBs had received the entire amount of GoI's share amounting to ₹ 1,097.05 crore. Out of the remaining 3 RRBs, 2 RRBs in Uttar Pradesh received the proportionate share of State Government in February 2024 only and hence a portion of GoI share amounting to ₹ 2.95 crore against the sanctioned amount of ₹ 198.63 crore. State Government Kerala released their proportionate share of State Government in March 2024 and hence Kerala Gramin Bank did not receive any amount of GoI share as on 31 March 2024.

GoI vide sanction letter dated 13 September 2024 sanctioned the release of remaining amount of GoI share (₹ 261 crore) to 3 RRBs viz. Aryavart Bank (₹ 137.72 crore), Baroda U.P. Bank (₹ 57.95 crore) and Kerala Gramin Bank (₹ 65.33 crore). With this release, all the 22 RRBs have received the entire amount of GoI's share of recapitalisation assistance sanctioned during FY 2022-23 as well. The RRB wise sanctioned amount of recapitalisation assistance during FY 2021-22 & FY 2022-23 and the status of receipt from different stakeholders is given in Annexure-IV.

### 3. Capital Adequacy

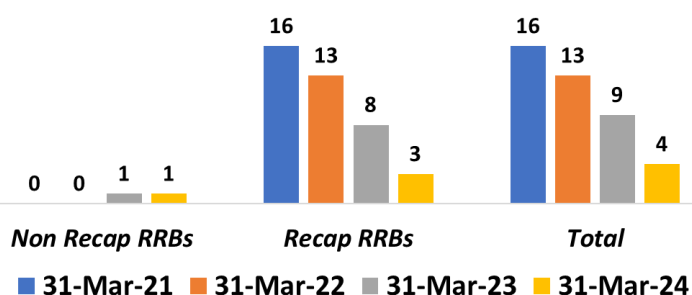
The consolidated CRAR of RRBs, which stood at 10.2% as on 31 March 2021, before the beginning of current tranche of recapitalization process in FY 2021-22, has steadily increased to 12.7% as on 31 March 2022, 13.4% as on 31 March 2023 and 14.2% as on 31 March 2024. Apart from the capital support received from the stakeholders, the increase in profitability of RRBs during FY 2021-22, FY 2022-23 & FY 2023-24 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 4 as on 31 March 2024.

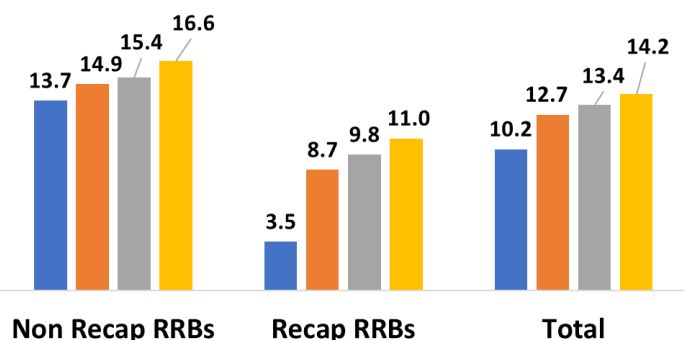
**Table I: CRAR (%)**

RRB Category	No. of RRBs	31-Mar-21		31-Mar-22		31-Mar-23		31-Mar-24	
		CRAR (%)	No. of RRBs with CRAR < 9%	CRAR (%)	No. of RRBs with CRAR < 9%	CRAR (%)	No. of RRBs with CRAR < 9%	CRAR (%)	No. of RRBs with CRAR < 9%
Non-Recapitalised RRBs	20	13.7	0	14.9	0	15.4	1	16.6	1
Recapitalised RRBs	23	3.5	16	8.7	13	9.8	8	11.0	3
<b>Grand Total</b>	<b>43</b>	<b>10.2</b>	<b>16</b>	<b>12.7</b>	<b>13</b>	<b>13.4</b>	<b>9</b>	<b>14.2</b>	<b>4</b>

**No. of RRBs with CRAR < 9%**



**CRAR (%)**



***Of the 16 RRBs whose CRAR was less than 9% as on 31 March 2021, the CRAR of following 13 RRBs improved beyond 9% during FY 2021-22, FY 2022-23 & FY 2023-24:***

**Table II (a): Movement in CRAR (%) of RRBs with CRAR <9% as on 31 March 2021 but improved during FY 2021-22, FY 2022-23 and FY 2023-24**

S.No	Name of RRB	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
1	Bangiya Gramin Vikash Bank	0.27	8.89	11.62	12.48
2	J & K Grameen Bank	-0.35	-2.31	5.56	11.21
3	Kerala Gramin Bank	6.57	11.41	13.10	13.54
4	Madhya Pradesh Gramin Bank	2.69	8.80	11.12	13.64
5	Madhyanchal Gramin Bank	-11.17	10.39	11.60	16.20
6	Manipur Rural Bank	2.37	7.24	6.93	10.73
7	Nagaland Rural Bank	-2.93	8.25	8.37	10.04
8	Odisha Gramya Bank	-7.61	5.49	9.26	9.40
9	Paschim Banga Gramin Bank	0.34	4.76	5.11	10.33
10	Utkal Grameen Bank	-16.01	3.44	10.83	12.37
11	Uttar Bihar Gramin Bank	-2.33	7.29	9.21	10.32
12	Uttarakhand Gramin Bank	6.25	11.01	11.53	12.64
13	Vidharbha Konkan Gramin Bank	-20.80	-5.24	5.99	12.33

Despite recapitalization assistance sanctioned in FY 2021-22 & FY 2022-23, 3 RRBs continued to have CRAR < 9% as on 31 March 2024 due to losses incurred during one or more of the previous 3 years. However, CRAR of all these 3 RRBs has improved during FY 2023-24 (Table II(b)).

Himachal Pradesh Gramin Bank (HPGB) is the only non-recapitalized RRB whose CRAR has declined below 9% during FY 2022-23. It further declined during FY 2023-24 and stood at 8.0% as on 31 March 2024. Though HPGB has been continuously profitable, its CRAR has been declining over the past 3 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.

**Table II (b): Movement in CRAR (%) of RRBs with CRAR <9%  
as on 31 March 2024**

Name of RRB	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	Movement in FY 2023-24
<b><u>Recapitalised RRBs</u></b>					
Assam Gramin Vikash Bank	1.83	8.07	7.82	8.70	Improved
Dakshin Bihar Gramin Bank	5.66	3.43	-0.27	2.44	Improved
Ellaquai Dehati Bank	-8.22	-2.78	-2.83	1.70	Improved
<b><u>Non-Recapitalised RRBs</u></b>					
Himachal Pradesh Gramin Bank	10.06	9.47	8.24	7.97	Declined

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

The consolidated balance sheet of RRBs stood at ₹ 8.40 lakh crore as on 31 March 2024. The growth in balance sheet of the RRBs marginally decelerated to 8.9% during FY 2023-24 in comparison to the 9.4% growth witnessed during FY 2022-23. 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 14.6% during FY 2023-24 and stood at ₹ 65,701 crore as on 31 March 2024. While the share capital grew by 10.5% due to the capital infusion from stakeholders, the reserves grew by a greater extent of 16.3% due to internal accruals from the profits. As a result, the share of owned funds in the total resources increased from 7.4% as on 31 March 2023 to 7.8% as on 31 March 2024.

#### **6. Deposits**

Deposits, which constituted 78.5% of the sources of funds, grew by 8.4% during FY 2023-24 and stood at ₹ 6.60 lakh crore as on 31 March 2024. Though the growth rate in deposits of RRBs marginally accelerated from 8.2% growth witnessed during FY 2022-23, the growth rate in deposits of RRBs was lower than the 11.8% average growth rate in deposits of all Scheduled Commercial Banks during FY 2023-24.

Nevertheless, low-cost CASA deposits constituted 54.4% 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- 40.5%, Private Sector Banks- 40.6%, Small Finance Banks- 33.0%, Foreign Banks- 39.8%).

While the share of RRBs in the total deposits of all commercial banks was just 3.0% as on 31 March 2024, their share in the number of deposit accounts was higher at 11.2% 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 on 31 March 2024, 27 RRBs had deposit levels higher than ₹ 10,000 crore and accounted for 87.6% of the aggregate deposits. 9 RRBs had deposits between ₹ 5,000 crore and ₹ 10,000 crore. Thus, 36 RRBs had deposits of more than ₹ 5,000 crore each, which accounted for 98.0% of aggregate deposit of all RRBs. While Baroda U.P. Bank had the highest deposit size at ₹ 63,670 crore, Nagaland Rural Bank had the lowest deposit size of ₹ 145 crore.

The share of CASA to total deposits varied between 19.2% (Tamil Nadu Grama Bank) to 79.8% (Manipur Rural Bank). As on 31 March 2024, 9 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 and Uttar Bihar Gramin Bank had CASA deposits higher than 70%. Four RRBs had CASA deposits less than 30 per cent.

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

<b>Table III: Deposits of RRBs</b>							
<b>Amount in ₹ Crore</b>							
<b>S.N</b>	<b>Parameter</b>	<b>31-Mar-22</b>		<b>31-Mar-23</b>		<b>31-Mar-24</b>	
		<b>Amount</b>	<b>Share (%)</b>	<b>Amount</b>	<b>Share (%)</b>	<b>Amount</b>	<b>Share (%)</b>
1	Total Deposits	5,62,538	100.0	6,08,509	100.0	6,59,815	100
a)	Current	12,042	2.1	11,945	2.0	11,952	1.8
b)	Savings	2,94,438	52.3	3,19,572	52.5	3,47,193	52.6
c)	Term	2,56,057	45.5	2,76,992	45.5	3,00,670	45.6
2	CASA Deposits (%)	54.5		54.5		54.4	
3	Cost of Deposits (%)	4.5		4.1		4.5	
4	Share in Total Liabilities	80.6		79.7		78.5	

**Table IV: Range of CASA deposits- 31 March 2024**

<b>Range of CASA deposits %</b>	<b>No. of RRBs</b>	<b>% Share of Banks' Deposits in Total Deposits</b>
> 70 %	9	27.3
60 % to 70 %	5	9.7
50 % to 60 %	14	28.8
30 % to 50 %	11	27.3
<30 %	4	6.9
<b>Total</b>	<b>43</b>	<b>100.0</b>

## 7. Borrowings

The growth in borrowings decelerated from 9.4% in FY 2022-23 to 8.9% during FY 2023-24 due to the steep deceleration in the borrowings from NABARD from 9.0% growth witnessed in FY 2022-23 to 5.5% growth witnessed in FY 2023-24. However, borrowings from sources other than NABARD witnessed a growth of 31.8%, albeit from the lower base. As a result, the share of borrowings from NABARD in the total borrowings declined from 86.3% as on 31 March 2023 to 83.5% as on 31 March 2024. During FY 2023-24, MUDRA has added 10 RRBs as Member Lending Institutions (MLIs) by execution of General Refinance Agreement (GRAs) which also helped RRBs in diversifying their borrowing portfolio.

During FY 2023-24, the cost of borrowings of RRBs increased by 106 bps to 5.93% and the cost of deposits increased by 48 bps to 4.52%. The share of borrowings in the total liabilities of RRBs was 11.0% during FY 2023-24. An overview of the borrowing portfolio of the RRBs and their costs is given in Table V.

Table V: Borrowings of RRBs							
Amount in ₹ Crore							
S.N	Parameter	31-Mar-22		31-Mar-23		31-Mar-24	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
1	Total Borrowings	73,881	100.0	84,712	100.0	92,444	100.0
a)	NABARD	67,054	90.8	73,119	86.3	77,166	83.5
b)	Sponsor Bank	3,879	5.3	3,408	4.0	4,293	4.6
c)	Others	2,948	3.9	8,185	9.7	10,986	11.9
2	Borrowings to Liabilities (%)	10.5		11.0		11.0	
3	Borrowings to Loans (%)	20.4		20.6		19.7	
4	Cost of Borrowings (%)	4.5		4.9		5.9	

## 8. Investments

As RRBs focused more on purveying of credit, the growth in investment portfolio further decelerated to 1.8% during FY 2023-24. Of the total investment portfolio of ₹ 3.19 lakh crore as on 31 March 2024, 31.5% was bank balances in the deposit account of other banks and 65.7% was in the category of SLR investments. The remaining 2.8% was in the category of non-SLR investments comprising of shares, debentures, bonds, mutual fund units etc.

As the term deposit rates witnessed an increasing trend during FY 2023-24, the share of term deposits in the total investment portfolio of RRBs grew from 29.6% as on 31 March 2023 to 31.5% as on 31 March 2024. The yield on investment portfolio of RRBs increased by 55 bps to 7.39%. An overview of the investment portfolio of the RRBs and their yields is given in the following table.



Table VI: Investments of RRBs							
Amount in ₹ Crore							
S. N	Parameter	31-Mar-22		31-Mar-23		31-Mar-24	
		Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
1	Total Investments	2,95,665	100.0	3,13,401	100.0	3,19,099	100.0
a)	SLR investments	2,15,216	72.8	2,09,911	67.0	2,09,739	65.7
b)	Balances in Deposit Account	71,726	24.3	92,746	29.6	1,00,387	31.5
c)	Non SLR/Other Investments	8,724	3.0	10,744	3.4	8,972	2.8
2	ID Ratio (%)	52.6		51.5		48.3	
3	SLR Investments to Deposits (%)	38.3		34.5		31.8	
4	Investments to Total Assets (%)	41.9		40.6		38.0	
5	Yield on Investments (%)	6.2		6.8		7.4	

## 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 15.1% during FY 2023-24. The gross loans grew by 14.5% during FY 2023-24 and stood at ₹ 4.70 lakh crore as on 31 March 2024. The average growth rate in loans of all Scheduled Commercial Banks (SCBs) was 16.3% during FY 2023-24. As on 31 March 2024, while the share of RRBs in the total loan amount of all SCBs was 2.8%, the share of RRBs in the number of loan accounts was 7.4%.

Though the major portion of the loans are concentrated in the Priority Sector (87.0%) and specifically under agriculture sector (67.4%) as on 31 March 2024, the share of Priority Sector loans and agriculture loans in total loan portfolio has been marginally declining in recent years as RRBs are slowly diversifying to other sectors viz. MSME, Housing and retail sectors. As on 31 March 2024, 87.0% was towards Priority Sectors identified by RBI out of which 67.4% of the loan portfolio of RRBs was towards agriculture sector, followed by MSME (12.3%). The consolidated loan portfolio of RRBs is summarised in Table VII.

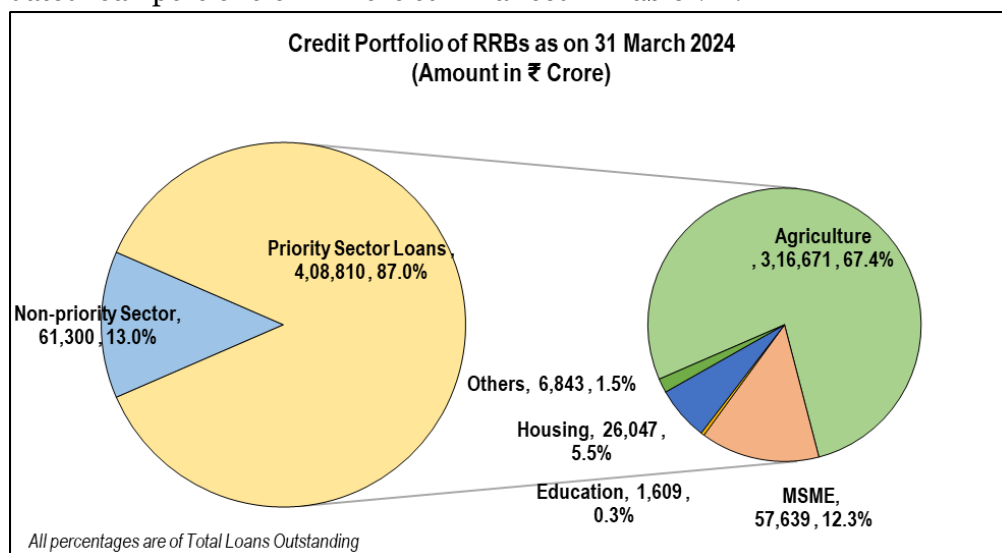


Table VII: Credit Portfolio of RRBs							
(Amount in ₹ Crore)							
Purpose	31 March 2022		31 March 2023		31 March 2024		YoY growth in 2023-24
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	
Priority (i to v)	3,24,207	89.4	3,62,503	88.3	4,08,810	87.0	12.8
i Agriculture	2,52,890	69.7	2,81,971	68.6	3,16,671	67.4	12.3
ii MSME	41,609	11.5	49,323	12.0	57,639	12.3	16.9
iii Education	1,896	0.5	1,744	0.4	1,609	0.3	-7.7
vi Housing	22,020	6.1	24,503	6.0	26,047	5.5	6.3
v Others	5,791	1.6	4,963	1.2	6,843	1.5	37.9
Non-priority	38,631	10.6	48,236	11.7	61,300	13.0	27.1
Gross Loans O/S	3,62,838	100.0	4,10,738	100.0	4,70,109	100.0	14.5
CD Ratio (%)	64.5		67.5		71.4		
Yield on Advances (%)	8.7		8.8		8.9		

### **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 PSL shortfall funds, as may be decided by RBI.
- 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.
- RBI has removed the criteria which mandated RRBs to issue IBPCs only in excess of 75% of their outstanding advances.
- 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.

During FY 2023-24, the total trading volume of PSLCs by all banks registered a growth of 25.5 per cent and stood at ₹ 8.95 lakh crore. During FY 2023-24, the total volume of PSLCs

issued by all RRBs increased by 11.8% and stood at ₹ 2.18 lakh crore and the total volume of PSLCs purchased by all RRBs decreased by 5.8% and stood at ₹ 0.96 lakh crore.

An analysis of the PSLC portfolio of RRBs reveals that RRBs are major issuers under the PSLC-SF/MF category (Small and Marginal Farmers) while PSLC-General Category constitutes the bulk of their purchase portfolio. Since nearly 50% of the total loan portfolio of the RRBs are towards SF/MF, RRBs have been the major issuers of PSLCs under this category. Since PSLC-SF/MF is priced at a premium comparison to the PSLC-General Category, RRBs issue PSLCs under SF/MF category, to the extent they exceed the sub-target for SF/MF and compensate for the same by purchasing PSLCs under General Category to meet the overall PSL target of 75%.

RRBs have effectively leveraged their high PSL portfolio by issuing PSLCs and earning fee income from the same. Though RRBs account for just 2.8% (₹ 4.70 lakh crore) of the total bank credit of all Scheduled Commercial Banks, their share in the total PSLCs issued in the market was 24.4% during FY 2023-24.

RRBs made a net profit of ₹ 3,292 crore through PSLC transactions during FY 2023-24 (YoY growth of 20.1%). 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 2022-23</b>			<b>FY 2023-24</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	40,992	290	22	29,308	84
General	0	-	-	0	0	-
Micro Enterprises	14	9,299	31	5	5,375	7
SF/MF	36	1,44,614	2,685	36	1,83,228	3,244
<b>Total</b>	<b>37</b>	<b>1,94,904</b>	<b>3,006</b>	<b>37</b>	<b>2,17,910</b>	<b>3,335</b>
<b>PSLC Purchased (Amount in ₹ Crore)</b>						
<b>PSLC Category</b>	<b>FY 2022-23</b>			<b>FY 2023-24</b>		
	<b>No. Of RRBs</b>	<b>Value of PSLCs</b>	<b>Fee Amount Expended</b>	<b>No. Of RRBs</b>	<b>Value of PSLCs</b>	<b>Fee Amount Expended</b>
Agriculture	14	11,777	41	8	4,110	11
General	30	82,379	203	33	86,777	29
Micro Enterprises	10	7,710	15	10	5,480	3
SF/MF	1	525	5	1	25	0.18
<b>Total</b>	<b>32</b>	<b>1,02,391</b>	<b>265</b>	<b>33</b>	<b>96,392</b>	<b>43</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:-

Table IX: RRBs- PSL Target and Achievement- FY 2023-24			
Sector/Sub Sector	Target (%)	Achievement (%)	RRBs not Meeting Target/Sub-target
Overall Priority Sector	75.0	88.6	All RRBs have met all the targets/Sub-targets for FY 2023-24
Agriculture	18.0	34.2	
Small and Marginal Farmers	10.0	19.0	
Non-Corporate Farmers	13.78	94.2	
Micro Enterprises	7.5	15.0	
Weaker Sections	15.0	84.8	
Note: Target and Achievement for FY 2023-24 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 2023-24 was ₹ 25.49 lakh crore and it witnessed a growth of 18.3% vis-à-vis FY 2022-23. 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 20.7% and 16.8% respectively, growth in disbursement by Cooperative Banks was relatively lower at 2.4% in FY 2023-24, over the corresponding period in the previous year.

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

(₹ Crore)

<b>Agency</b>	<b>GLC</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Cooperatives</b>	GLC for the year	1,90,682	2,43,220	2,36,349	2,42,008
	% share to total	12.1	13.0	11.0	9.5
<b>RRBs</b>	GLC for the year	1,90,012	2,04,180	2,42,285	2,82,878
	% share to total	12.1	11	11.2	11.1
<b>Commercial Banks</b>	GLC for the year	11,94,704	14,15,964	16,76,529	20,23,749
	% share to total	75.8	76	77.8	79.4
	<b>Total</b>	<b>15,75,398</b>	<b>18,63,364</b>	<b>21,55,163</b>	<b>25,48,635</b>

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

During the year 2023-24, RRBs have achieved 94% of their GLC target. While RRBs were able to achieve 107% of the target assigned for term loan disbursement however, they were able to achieve 92% of the target assigned for crop loan disbursement. While the term loans disbursed by RRBs grew by 36.0% during FY 2023-24 over the previous year, the crop loans grew by 12.7%. 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 %
2023-24	2,46,429	2,25,732	92	53,571	57,146	107	3,00,000	2,82,878	94
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

## 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, by 91.4% to ₹ 4,974 crore during FY 2022-23. During FY 2023-24, RRBs posted their highest ever consolidated net profit of ₹ 7,571 crore (52.2% 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 amortise 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 2023-24, 40 RRBs posted profit of ₹ 7,796 crore and 3 RRBs incurred losses of ₹225 crore. The number of loss-making RRBs has steadily declined from 18 in FY 2019-20 to 3 in FY 2023-24.

Of the 37 RRBs which posted profit in FY 2022-23 (previous year):

- The net profit of 32 RRBs increased during FY 2023-24.
- In case of 4 RRBs, the net profits decreased in FY 2023-24: Nagaland RB, Punjab GB, Aryavart and Prathama U.P. GB
- Karnataka Gramin Bank turned loss making (due to deterioration in asset quality).

Of the 6 RRBs which incurred losses in FY 2022-23 (previous year):

- 4 RRBs turned profit making.
  - a) Dakshin Bihar GB (6 years)
  - b) J & K GB (4 years)
  - c) Paschim Banga GB (4 years)
  - d) Assam GVB (1 year- marginal profit in FY 2021-22)
- In case of 2 RRBs, the extent of losses incurred during FY 2023-24 have increased in comparison to FY 2022-23: Ellaquai Dehati Bank and Manipur Rural Bank.

Losses of 3 RRBs in FY 2023-24 are primarily on account of operational difficulties in J&K and Manipur and due to fresh slippages in case of Karnataka Gramin Bank.

The number of RRBs with net profit greater than ₹ 100 crore has more than doubled from 10 during FY 2020-21 to 21 during FY 2023-24. The reasons for improvement in profitability of RRBs during FY 2023-24 are provided below:

- **Reduction in Wage Bill:** The 5-year amortization period for meeting the Pension Liability which amounted to ₹ 27,500 crore ended in FY 2023-24. As a result, the wage bill reduced by 8.3% during FY 2023-24.
- **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)
- **Improvement in Asset Quality and CD ratio.**

The consolidated income and expenditure statement of RRBs is given in Annexure III. Profitability of RRBs during the last 5 years is summarized below:-

**Table XII: Profitability**

(₹ Crore)

Indicator	2019-20	2020-21	2021-22	2022-23	2023-24
No. of RRBs	45	43	43	43	43
No. in Profit	26	30	34	37	40
Profit of RRBs in Profit (Amount)	2,203	3,550	4,116	6,178	7,796
No. in Loss	19	13	9	6	3
Loss of RRBs in Loss (Amount)	4,411	1,867	897	1,205	225
No. of RRBs with Accumulated Losses	17	17	16	15	14
Accumulated Losses	6,467	8,264	9,062	9,841	8,921
Aggregate net profit of all RRBs	(-)2,208	1,682	3,219	4,974	7,571

## 10.2. Viability

**Sustainable Viability:** Majority of RRBs, i.e. 28 of 43 RRBs were having sustainable viability (in profit during FY and with no accumulated loss) as on 31 March 2024.

**Current Viability:** Twelve RRBs posted profit during FY 2023-24 but had accumulated losses from earlier years.

**RRBs which Incurred Losses:** Two RRBs viz. Manipur Rural Bank and Ellaquai Dehati Bank had incurred losses during FY 2023-24 and had accumulated losses as on 31 March 2024. Though Karnataka Gramin Bank incurred losses during FY 2023-24, it did not have accumulated losses as on 31 March 2024 because of availability of sufficient free reserves and surplus to withstand the losses.

As on 31 March 2024, 14 RRBs carried accumulated losses of ₹ 8,921 crore as against accumulated losses of ₹ 9,841 reported by 15 RRBs as on 31 March 2023. **During FY 2023-24, Uttarakhand Gramin Bank wiped out its accumulated losses.** Due to the improved profitability of RRBs during FY 2023-24, the accumulated losses declined by 9.4% during FY 2023-24.

**Table XIII: Viability of RRBs**

(Amount in ₹crore)

S. N	Viability Category	31 March 2022			31 March 2023			31 March 2024		
		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	27	0	4,028	28	0	5,748	28	0	6,829
2	Current profit with accumulated loss	7	4,765	88	9	6,685	431	12	8,467	967
3	Current Loss but with no accumulated loss	0	0	0	0	0	0	1	0	-174
4	Current Loss with acc. loss	9	4,297	-897	6	3,156	-1,205	2	454	-51
5	Net Position	43	9,062	3,219	43	9,841	4,974	43	8,921	7,571
6	% of Sustainably Viable RRBs	63			65			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 from the declining trend witnessed in FY 2021-22. The liquidity conditions were further tightened in FY 2023-24 and hence the yield and cost ratios of RRBs further increased in FY 2023-24.

While the interest income of RRBs increased by 14.4%, the interest expenditure increased at a greater rate of 24.5%. As a result, the growth in Net Interest Income (NII) sharply decelerated from 15.9% growth during FY 2022-23 to 4.3% growth during FY 2023-24 and the Net Interest Margin (NIM) declined by 21 bps to 3.55% during FY 2023-24.

While the Yield on Assets increased by 28 bps during FY 2023-24, the Cost of Funds increased by a greater extent of 48 bps during FY 2023-24. Cost of Management continued to decline steadily and was lowest in the previous 5 years at 2.69% during FY 2023-24.

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 (%)**

Parameter (%)		2021-22	2022-23	2023-24	Change in FY 24
Yield	Loans	8.68	8.85	8.87	2 bps
	Investments	6.24	6.84	7.39	55 bps
	All Assets	7.21	7.48	7.76	28 bps
Cost	Deposits	4.11	4.04	4.52	48 bps
	Borrowings	4.49	4.87	5.93	106 bps
	All Funds	3.72	3.72	4.20	48 bps
Net Interest Margin		3.49	3.76	3.55	-21 bps
Miscellaneous Income		1.28	0.81	1.15	34 bps
Staff Cost		2.45	2.33	1.94	-39 bps
Cost of Management incl. Staff Cost		3.19	3.05	2.69	-36 bps
Risk Cost		1.09	0.82	1.06	24 bps
Return on Assets (Profitability)		0.48	0.69	0.96	27 bps



## 12. Asset Quality

Consolidated Gross Non-Performing Assets of RRBs which was 6.8% 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 GNPA (%) has since then declined consistently over the past 5 years and stood at 6.1% as on 31 March 2024, which is the lowest in the previous 10 years.

During FY 2023-24, 34 of the 43 RRBs have reported a reduction in absolute Gross NPA (amount) and 38 RRBs have reported a reduction in GNPA as a percentage of Total advances. The Net NPA (%) and PCR (%) also improved during the FY 2023-24 and stood at 2.4% and 62.6%, respectively as on 31 March 2024.

Though the consolidated GNPA (amount) declined by 3.3% during FY 2023-24, the substandard assets significantly increased by 18.9% due to fresh slippages. However, the doubtful assets or 'sticky' NPAs declined by 10.4%. GNPA (amount) increased by 19% in Karnataka GB and hence the bank incurred losses during FY 2023-24.

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

(Amount in ₹ Crore)

S. No.	Parameters	31 Mar 2022	31 Mar 2023	31 Mar 2024
1	Gross NPA Amount	33,190	29,894	28,913
2	Loans Outstanding (Gross)	3,62,838	4,10,738	4,70,109
3	Loans Outstanding (Net)	3,42,479	3,86,951	4,45,286
4	Net NPA Amount	16,024	12,364	10,846
5	GNPA %	9.1	7.3	6.1
6	Net NPA %	4.7	3.2	2.4
7	Provision Coverage Ratio (%)	52.0	59.2	62.6

**Table XVI: Classification of Non-Performing Assets**

(Amount in ₹ Crore)

Category of NPA	31-Mar-22		31-Mar-23		31-Mar-24		(%) Change in in FY 24
	Amount	(%)	Amount	(%)	Amount	(%)	
Sub Standard -1	11,318	3.1	6,797	1.7	8,084	1.7	18.9
Doubtful Assets -2	20,899	5.8	22,090	5.4	19,800	4.2	-10.4
Loss Assets - 3	973	0.3	1,007	0.2	1,030	0.2	2.3
<b>Gross NPA - (1+2+3)</b>	<b>33,190</b>	<b>9.1</b>	<b>29,894</b>	<b>7.3</b>	<b>28,913</b>	<b>6.1</b>	<b>-3.3</b>

Purpose-wise NPAs highlight reduction in GNPA (%) across all sectors. GNPA (%) in Agri. sector declined from 7.4% to 6.5%. GNPA (%) in MSME sector declined from 12.7% to 9.7%. GNPA (%) in Housing sector declined from 3.4% to 2.5%. Information on portfolio-wise NPA (%) is given in the table below:-

<b>Table XVII: GNPA (%) across different sectors- RRBs</b>				
<b>S. No.</b>	<b>Sectors / Sub Sectors</b>	<b>31 Mar 2022</b>	<b>31 Mar 2023</b>	<b>31 Mar 2024</b>
1	Priority Sector	9.9	8.0	6.9
2	Non-Priority Sector Loans	3.1	1.8	1.3
3	Total NPAs	9.1	7.3	6.1
<b>Sectoral NPA (Priority + Non-Priority)</b>				
I	Agriculture (A+B+C)	9.1	7.4	6.5
A	Farm Credit (i+ii+iii)	9.1	7.6	6.5
i	Crop Loans	8.2	7.0	6.5
ii	Investment Credit	17.7	13.4	11.7
iii	Allied Activities	8.8	6.7	4.1
B	Agriculture Infrastructure	16.9	13.6	16.2
C	Ancillary Activities	20.6	15.8	11.4
II	MSME	16.0	12.7	9.7
III	Education	24.0	20.4	18.4
IV	Housing	4.4	3.4	2.5

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 ₹ 51.2 crore and ₹ 12.2 crore as on 31 March 2024, respectively.

**Table XVIII: Productivity**

(Amount in ₹ Crore)

Productivity	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Per Branch	30.1	32.7	35.6	39.3	42.3	46.3	51.2
Per Employee	7.3	7.7	8.5	9.8	10.2	11.1	12.2

### 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 71.4 % as on 31 March 2024, which was the highest CD Ratio in over 33 years. The number of RRBs with CD ratio less than 40% has reduced from 10 as on 31 March 2021 to 2 as on 31 March 2024 (Arunachal Pradesh Rural Bank and Meghalaya Rural Bank). 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.

Table XIX: Range of CD ratio				
S. No.	Range of CD Ratio	31 Mar 2022	31 Mar 2023	31 Mar 2024
1	Less than 30%	2	1	0
2	Between 30% to 40%	6	3	2
3	Between 40% to 60%	14	15	14
4	Between 60% to 80%	13	15	15
5	Above 80%	8	9	12
Total		43	43	43

### 15. Performance in Government Schemes

Though RRBs account for just 3.0% of the total deposits of Scheduled Commercial Banks (SCBs) and 2.8% of total loans of SCBs, they hold 11.2% of deposit accounts and 7.4% 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 most of the Financial Inclusion schemes was greater than the growth rate of all banks during FY 2023-24. As a result, the share of RRBs in implementation of financial inclusion schemes improved during FY 2023-24 and it ranged from 7.3% to 19.4%. This is in comparison to the 2.9%

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-23			31-Mar-24			YoY Growth (%)	
		RRBs	All Banks	RRBs Share (%)	RRBs	All Banks	RRBs Share (%)	RRBs	All Banks
1	Pradhan Mantri Jan Dhan Yojana	9.13	48.65	18.8	9.83	51.99	18.9	7.7	6.9
2	Pradhan Mantri Suraksha Bima Yojana	5.22	33.78	15.5	7.24	43.69	16.5	38.7	29.3
3	Pradhan Mantri Jeevan Jyoti Bima Yojana	2.24	15.99	14.0	3.17	19.85	15.9	41.5	24.1
4	Atal Pension Yojana	0.98	5.20	18.8	1.25	6.44	19.4	27.6	23.8
5	MUDRA Loans Disbursed (₹ Lakh Crore)	0.33	4.46	7.4	0.35	4.76	7.3	6.1	6.7

## **Part II –Important Developments, Policy initiatives and Support for development of RRBs during FY 2023-24**

### **1. Region-wise review meeting of RRBs by Hon'ble Union Finance Minister**

Hon'ble Union Finance Minister (FM) chaired meetings in different regions of the country to review the functioning of RRBs, with a special focus on the status of technology upgradation of the RRBs. The details of the review meetings are as under:

S.No	Region	Place	Date of Review
1	Northeastern Region	Agartala, Tripura	21 July 2023
2	Southern Region	Chennai, Tamil Nadu	04 August 2023
3	Northern Region	New Delhi	30 August 2023

### **2. Review of Progress under Viability Plans by Secretary, DFS**

A symposium on 'Strengthening financial sustainability and operational viability of RRBs' was organised for Chairpersons of all RRBs at College of Agricultural Banking, Pune on 11th & 12th May 2023. As a part of the symposium, Secretary, DFS, chaired a meeting to review the progress made by RRBs on various parameters fixed in their respective viability plans. It was noted that there has been substantial improvement in the financial performance of RRBs in 2022-23 as compared to 2021-22.

### **3. Regular Review of Status of Technology Upgradation in RRBs**

During FY 2023-24, 4 review meetings (4 May 2023, 31 October 2023, 19 January 2024 and 22 March 2024) were organised by DFS, GoI under the Chairmanship of Additional Secretary, DFS specifically to review the status of technology upgradation in RRBs in which representatives from RBI, NABARD and Sponsor Banks participated.

As a result of the emphasis on the technology upgradation in RRBs, the number of RRBs which have acquired license to launch internet banking facility has increased from 11 as on 31 March 2022 to 29 as on 31 March 2024. The number of RRBs which have acquired license to launch mobile banking facility has increased from 29 as on 31 March 2022 to 34 as on 31 March 2024. All RRBs have on boarded to Account Aggregator framework. More RRBs are also offering customer centric digital services viz. UPI, Video KYC, Bharat Bill Payment Service etc.

### **4. RRBs included as MLIs of CGFSEL**

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).

## 5. Increase in Ceiling of Guarantee under CGTMSE

CGTMSE vide notification dated 15 December 2023 has increased the ceiling of guarantee for RRBs from ₹ 50 lakh to ₹ 2 Crore for RRBs under the Credit Guarantee Fund Scheme for Micro and Small Enterprises for all guarantees approved on or after 01 January 2024.

## 6. Review of Instructions on Bulk Deposits

RBI vide notification dated 26 October 2023 has enhanced the bulk deposit limit for RRBs. Previously, Single Rupee term deposits of Rupees fifteen lakh and above for RRBs was categorised as “Bulk Deposit”. The limit has been enhanced to Rupees one crore and above vide the aforesaid notification.

## 7. Refinance Support from NABARD

NABARD extends refinance to RRBs for supplementing their resources for Short-Term (ST) and Long-Term (LT) lending for agriculture, allied activities, and rural non-farm sector. Refinance increases ground level credit and boosts capital formation in agriculture by making available funds at reasonable interest rates.

RRBs have availed refinance of ₹ 62,248 crore from NABARD during the FY 2023-24 (15.4% YoY Growth). During the previous two years NABARD has taken the following steps to increase the refinance support for RRBs:

- NABARD introduced floating rates under ST refinance in 2022-23 to give the banks flexibility to choose between the fixed and floating rate of interest. The same gained traction amongst client banks during 2022-23 and 2023-24.
- 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.
- Based on request received from RFIs and considering their reach to support long term capital formation in rural/agriculture sector, NABARD has operationalized bullet repayment under LTRCF for RRBs.

<b>Table XXI: Refinance Support from NABARD for RRBs</b>						
(Amount in ` Crore)						
<b>Parameter</b>	<b>FY 2020- 21</b>	<b>FY 2021- 22</b>	<b>FY 2022- 23</b>	<b>FY 2023- 24</b>	<b>YoY Growth (%)</b>	
					<b>2022- 23</b>	<b>2023- 24</b>
No. of RRBs which availed refinance	35	42	41	42	-	-
Short Term Refinance	23,118	27,622	42,092	48,787	52.4	15.9
Long Term Refinance	15,157	14,389	11,826	13,461	-17.8	13.8
Special Liquidity Facility	6,700	7,746	-	-	-	-
<b>Total Refinance during the year</b>	<b>45,275</b>	<b>49,758</b>	<b>53,918</b>	<b>62,248</b>	<b>8.4</b>	<b>15.4</b>

## **8. Upgradation 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, had developed a dashboard called RRB Darpan in FY 2022-23. The dashboard was further upgraded in FY 2023-24 to periodically review the status of technology upgradation in RRBs with introduction of a new return to capture and analyze data on over 200 data points pertaining to status of technology upgradation in RRBs.

## **9. Improvement in Performance of ‘RRBs in Focus’**

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 were 15 RRBs under the category of ‘RRBs in Focus’. Amongst these 15 RRBs, the CRAR (%) improved in 13 RRBs, GNPA (%) improved in 14 RRBs, profitability improved in 11 RRBs during FY 2023-24. As a result, the number of ‘RRBs in Focus’ declined from 15 to 9 in FY 2023-24.

## **10. 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 & FY 2023-24.

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

In terms of the Regional Rural Banks (Amendment Act), 2015, authorised 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 4th 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.

### **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 2023-24 was advised to the banks on 15 April 2024 to facilitate completion of Statutory Audit by the stipulated due date of 30 June 2024. The process of finalizing the list of auditors for conducting statutory audit of RRBs for FY 2024-25 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 4 other allowances/benefits viz. Location Allowance, Learning Allowance, Annual Encashment of Privilege Leave and Performance Linked Incentive Scheme to the officers/staff of RRBs as per the 11th Bipartite Settlement/8th Joint Note. GoI vide letter dated 4 August 2023 conveyed the approval for the grant of computer increment to the eligible officers and employees of the RRBs, in line with the benefit of computer increment granted by the Nationalized Commercial Banks, as per the Memorandum of Settlement dated 29th October, 1993 of Indian Banks' Association (IBA). RRBs were advised to extend the said benefit to their eligible officers and employees, after getting approval of the Board of Directors

#### **(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

NABARD has 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 2024, 41.16 lakh SHGs were savings linked with RRBs having total savings of ₹19,018 crore as compared to 40.48 lakh SHGs with total savings of ₹18,203 crore as on 31 March 2023, maintaining agency wise share of 29% in total SHGs savings linked to banks.

Further, 19.13 lakh SHGs were credit linked during 2023-24 as compared to 15.70 lakh SHGs during 2022-23 by RRBs with an agency wise share of 28%.

The NPA as percentage to loans to SHGs for RRBs stood at 1.62% as on 31 March 2024 as compared to 2.48% and 3.14% as on 31 March 2023 and 31 March 2022, respectively.

### 16. Financing of JLGs

During 2023-24, 73.34 lakh JLGs were financed by all agencies taken together to the tune of ₹1,88,313 crore. Of these, RRBs financed 1.64 lakh JLGs with loan amounting to ₹2,104 crore during FY 2023-24 accounting for 2.2% 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 2024 is given in Table XXII:

Table XXII: Status of Technology in RRBs as on 31 March 2024		
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	34
6.	Internet Banking with view facility	37
7.	Internet Banking with transaction facility (license acquired)	29

## **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: 34 RRBs have mobile banking license which is a pre-requisite to offer this technology through mobile phones.
- 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 2024, 29 RRBs have obtained internet banking license to offer internet banking with transactional facility.

### **18.3 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 2024, 34 RRBs have on-boarded to BHIM Aadhaar Pay as an Issuer.

### **18.4 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 2024, 35 RRBs have completed PoS certification process.

### **18.5 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 2024, 33 RRBs have on-boarded to BHIM UPI platform as Issuer.

### **18.6 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 2024, 42 RRBs have become members of AUA/Sub-AUA.

### **18.7 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 may be 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 2024, 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.

### **18.8 Support to RRBs from Financial Inclusion Fund**

Established in 2008, the Financial Inclusion Fund (FIF) is dedicated to bridging financial inclusion gaps. Managed by NABARD, it stands as a cornerstone of India’s financial inclusion efforts. To address regional and institutional inadequacies as well as bring about inclusive and equitable financial inclusion across the country, differentiated strategy has been adopted since 2019-2020 for focused FIF interventions, by targeting Special Focus Districts (SFDs).

Under this, grant support was enhanced to 90% for RRBs in SFDs comprising of Aspirational districts, LWE districts, North Eastern Region (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura), Hilly States (Jammu & Kashmir, Himachal Pradesh and Uttarakhand) and credit deficient districts. Grant

support of 80% is given for RRBs in other districts. Grant support provided to RRBs from FIF during the previous 3 years is summarised in table below:-

<b>Table XXIII: Support from FIF for RRBs (₹ Lakh)</b>			
<b>Intervention/Purpose</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
a) <b>Awareness</b> (Fin. and Digital literacy camp, Capex support to RSETI, Nukkad Natak, Handheld Projector etc)	2582.58	3443.00	2867.52
b) <b>Technology</b> (Micro ATM, Demo VAN, PoS/mPoS, Green Pin, BBPS, CKYCR, BHIM UPI, Positive Pay etc)	2250.58	1900.62	1426.61
c) <b>Others</b> (Meeting and Workshop, Seminar/Conf, Studies, Exam. fee for BC/BF)	194.79	31.46	0.80
<b>Total</b>	<b>5027.94</b>	<b>5375.07</b>	<b>4294.93</b>

#### **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 ₹ 36,918 crore for FY 2023-24 allocated to RRBs, the achievement as on 31 March 2024 was ₹ 35,662 crore (96.6%) extended under Shishu (₹ 2,998 crore), Kishore (₹ 24,290 crore) and Tarun (₹ 8,374 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. During FY 2023-24, MUDRA has added 10 RRBs as Member Lending Institutions (MLIs) by execution of General Refinance Agreement (GRAs). Further, during FY 2023-24, MUDRA sanctioned and disbursed refinance assistance of ₹ 727 crore to RRBs under refinance scheme.

**(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 2023-24 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	1,51,572	637	122.41	109.08
ST		327	52.93	44.29
Women		2215	426.19	251.23
<b>Total</b>	<b>1,51,572</b>	<b>3179</b>	<b>601.53</b>	<b>404.60</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 22</b>	<b>31 March 23</b>	<b>31 March 24</b>
No. of RRBs (No.)	43	43	43
Branch Network (No.)	21,892	21,995	22,069
Share Capital	14,880	17,232	19,042
Reserves	34,359	40,123	46,659
Deposits	5,62,538	6,08,509	6,59,815
Borrowings	73,881	84,712	92,444
Investments	2,95,665	3,13,401	3,19,099
Gross Loans & Advances O/s	3,62,838	4,10,738	4,70,109
No. of RRBs earning Profit	<b>34</b>	<b>37</b>	<b>40</b>
Amount of Profit (A)	4,116	6,178	7,796
No. of RRBs incurring Losses	<b>9</b>	<b>6</b>	<b>3</b>
Amount of Losses (B)	897	1,205	225
Net Profit of RRBs (A – B)	3,219	4,974	7,571
No. of RRBs with acc. Losses	<b>16</b>	<b>15</b>	<b>14</b>
Accumulated Losses	9,062	9,841	8,921
GNPA to loans outstanding (%)	9.1	7.3	6.1
No. of RRBs with GNPA>7%	<b>21</b>	<b>16</b>	<b>14</b>
No. of RRBs with GNPA>10%	<b>13</b>	<b>10</b>	<b>7</b>
Net Owned Funds	40,177	47,515	56,781
No. of RRBs with CRAR<9%	<b>13</b>	<b>9</b>	<b>4</b>

**Annexure II: Regional Rural Banks: Consolidated Balance Sheet****(Amount in ₹ Crore)**

<b>Sr. No.</b>	<b>Item</b>	<b>At end-March</b>		<b>Y-o-Y Growth in Percent</b>	
		<b>2023</b>	<b>2024</b>	<b>2022-23</b>	<b>2023-24</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
1	Share Capital	17,232	19,042	15.8	10.5
2	Reserves	40,123	46,659	16.8	16.3
3	Deposits	6,08,509	6,59,815	8.2	8.4
3.1	Current	11,945	11,952	-0.8	0.1
3.2	Savings	3,19,572	3,47,193	8.5	8.6
3.3	Term	2,76,992	3,00,670	8.2	8.5
4	Borrowings	84,712	92,444	14.7	9.1
4.1	from NABARD	73,119	77,166	9.0	5.5
4.2	Sponsor Bank	3,408	4,293	-12.1	26.0
4.3	Others	8,185	10,986	177.7	34.2
5	Other Liabilities	20,885	22,120	5.8	5.9
<b>Total liabilities/Assets</b>		<b>7,71,462</b>	<b>8,40,080</b>	<b>9.4</b>	<b>8.9</b>
6	Cash in Hand	2,888	2,933	-7.4	1.6
7	Balances with RBI	29,332	30,990	32.3	5.7
8	Balances in Current Account	7,150	8,173	-12.0	14.3
9	Investments	3,13,401	3,19,099	6.0	1.8
10	Loans and Advances (net)	3,86,951	4,45,286	13.0	15.1
11	Fixed Assets	1,406	1,581	12.0	12.4
12	Other Assets #	30,333	32,019	-6.9	5.6
12.1	Accumulated Losses	9,841	8,921	8.6	-9.4

**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)	
		2022-23	2023-24	2022-23	2023-24
<b>A</b>	<b>Income (i + ii)</b>	<b>59,427</b>	<b>70,443</b>	<b>5.0</b>	<b>18.5</b>
i	Interest income	53,640	61,341	11.6	14.4
ii	Other income*	5,787	9,101	-32.2	57.3
<b>B</b>	<b>Expenditure (i+ii+iii)</b>	<b>54,454</b>	<b>62,872</b>	<b>2.0</b>	<b>15.5</b>
i	Interest expended	26,704	33,237	7.6	24.5
ii	Operating expenses	21,878	21,267	2.7	-2.8
	<i>of which, Wage bill</i>	16,683	15,305	2.1	-8.3
iii	Provisions and contingencies*	5,872	8,368	-19.1	42.5
	<i>of which, Income tax</i>	1,424	2,430	11.4	70.7
<b>C</b>	<b>Profit</b>				
i	Operating profit	10,845	15,938	4.9	47.0
ii	Net profit	4,974	7,571	54.5	52.2
<b>D</b>	<b>Average Working Fund</b>	<b>7,16,796</b>	<b>7,90,902</b>	<b>7.5</b>	<b>10.3</b>
<b>E</b>	<b>Financial ratios #</b>				
i	Operating profit	1.5	2.0		
ii	Net profit	0.7	1.0		
iii	Income (a + b)	8.3	8.9		
a)	Interest income	7.5	7.8		
b)	Other income	0.8	1.2		
vi.	Expenditure (a+b+c)	7.6	7.9		
a)	Interest expended	3.7	4.2		
b)	Operating expenses	3.1	2.7		
	<i>of which, Wage bill</i>	2.3	1.9		
c)	Provisions and contingencies	0.8	1.1		
d)	Cost to Income Ratio	66.9	57.2		

**Notes:**

1: # Financial ratios are percentages with respect to Average Working Fund.

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

3. \*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 Rs. 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.

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

<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>					
<b>S.No</b>	<b>State</b>	<b>Name of RRB</b>	<b>Sponsor Bank Share</b>	<b>State Government Share</b>	<b>GoI Share</b>
			<b>Amount Sanctioned &amp; released</b>	<b>Amount Sanctioned &amp; released</b>	<b>Amount Sanctioned &amp; released. (GoI Share was released through NABARD)</b>
			<b>(₹ Crore)</b>	<b>(₹ Crore)</b>	<b>(₹ Crore)</b>
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

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)
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
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
Total			2,858.80	1,225.20	4,084.00

Status (as on 31 March 2024) of Receipt of Recapitalisation Assistance sanctioned in FY 2022-23 (Phase II) (Amount in Absolute ₹)			GoI Share		State Government Share	Sponsor Bank Share
S. N	State/UT	Name of RRB	Total Sanctioned/approved amount	Amount Received as on 31 March 2024	Amount Sanctioned & released	Amount Sanctioned & released
1	Arunachal Pradesh	Arunachal Pradesh Rural Bank	17,74,680.00	17,74,680.00	5,01,390.00	12,51,230.00
2	Assam	Assam Gramin Vikash Bank	71,72,83,310.00	71,72,83,310.00	21,52,80,830.00	50,19,88,610.00
3	Bihar	Dakshin Bihar Gramin Bank	1,89,32,59,870.00	1,89,32,59,870.00	56,79,89,620.00	1,32,51,90,440.00
4	Bihar	Uttar Bihar Gramin Bank	93,54,71,445.00	93,54,71,445.00	28,06,70,033.00	65,48,30,130.54
5	J & K	Ellaquai Dehati Bank	37,57,63,710.00	37,57,63,710.00	11,26,83,850.00	26,29,88,330.00
6	J & K	J & K Grameen Bank	1,02,24,41,540.00	1,02,24,41,540.00	30,67,19,190.00	71,56,78,130.00
7	Jharkhand	Jharkhand Rajya Gramin Bank	11,28,94,810.00	11,28,94,810.00	3,38,62,050.00	7,90,11,460.00
8	Kerala	Kerala Gramin Bank	65,32,50,260.00	-	19,59,34,870.00	45,73,14,690.00
9	Madhya Pradesh	Madhya Pradesh Gramin Bank	1,98,68,26,005.00	1,98,68,26,005.00	59,60,26,245.00	1,39,07,57,930.00
10	Madhya Pradesh	Madhyanchal Gramin Bank	32,76,93,210.00	32,76,93,210.00	9,83,15,820.00	22,93,61,660.00
11	Maharashtra	Maharashtra Gramin Bank	45,36,40,330.00	45,36,40,330.00	13,60,96,950.00	31,75,59,550.00
12	Maharashtra	Vidharbha Konkan Gramin Bank	1,57,28,10,660.00	1,57,28,10,660.00	47,18,15,180.00	1,10,09,83,730.00
13	Manipur	Manipur Rural Bank	5,31,60,660.00	5,31,60,660.00	1,60,15,210.00	3,71,68,810.00
14	Mizoram	Mizoram Rural Bank	4,12,07,550.00	4,12,07,550.00	1,23,15,470.00	2,88,41,080.00
15	Nagaland	Nagaland Rural Bank	1,17,06,430.00	1,17,06,430.00	34,08,650.00	82,19,830.00
16	Odisha	Odisha Gramya Bank	45,03,93,140.00	45,03,93,140.00	13,50,96,340.00	31,52,91,690.00
17	Odisha	Utkal Grameen Bank	14,70,03,960.00	14,70,03,960.00	4,41,01,920.00	10,28,84,370.00
18	Uttar Pradesh	Aryavart Bank	1,39,19,77,345.00	1,47,55,593.00	41,76,11,777.50	97,43,84,190.00
19	Uttar Pradesh	Baroda U.P. Bank	59,42,83,580.00	1,47,55,592.00	17,82,85,150.00	41,59,99,030.00
20	Uttarakhand	Uttarakhand Gramin Bank	15,57,89,200.00	15,57,89,200.00	4,67,76,850.00	10,90,52,350.00

Status (as on 31 March 2024) of Receipt of Recapitalisation Assistance sanctioned in FY 2022-23 (Phase II) (Amount in Absolute ₹)			GoI Share		State Government Share	Sponsor Bank Share
S. N	State/UT	Name of RRB	Total Sanctioned/approved amount	Amount Received as on 31 March 2024	Amount Sanctioned & released	Amount Sanctioned & released
21	West Bengal	Bangiya Gramin Vikash Bank	13,36,02,085.00	13,36,02,085.00	4,01,02,897.50	9,35,40,097.50
22	West Bengal	Paschim Banga Gramin Bank	57,77,66,220.00	57,77,66,220.00	17,33,66,940.00	40,44,54,130.00
Total			13,61,00,00,000.00	11,00,00,00,000.00	4,08,29,77,233.00	9,52,67,51,468.04

The share of GoI, State Govt. & Sponsor bank have been adjusted slightly in order to set right the current mismatch in their ratio of 50: 15:35, 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 2024**

- GoI's share was contingent upon prior release of proportionate share by respective State Government and Sponsor Bank.
- 19 RRBs had received the entire amount of GoI's share amounting to ₹ 1,097.05 crore. Out of the remaining 3 RRBs, 2 RRBs in Uttar Pradesh received State Government share in February 2024 and they were given a portion of GoI share amounting to ₹ 2.95 crore against the sanctioned amount of ₹ 198.63 crore by 31 March 2024. State Government Kerala released the State Government share in March 2024 and hence Kerala Gramin Bank did not receive any amount of GoI share by 31 March 2024.
- GoI vide sanction letter dated 13 September 2024 has sanctioned the release of entire amount of pending GoI share (₹ 261 crore) to 3 RRBs viz. Aryavart Bank (₹ 137.72 crore), Baroda U.P. Bank (₹ 57.95 crore) and Kerala Gramin Bank (₹ 65.33 crore). Thus all RRBs have received the entire amount of recapitalisation assistance sanctioned in FY 2022-23 from all stakeholders by 09 October 2024.