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A STUDY ON THE TREND AND GROWTH OF REGIONAL RURAL BANKS IN INDIA

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Abstract

In India's rural and agricultural economy development, Regional Rural Banks held a significant position. The current presentation will concentrate on operational performance analysis of RRBs in India, considering factors such as deposits, capital, profits, and loans and advances. For this reason, the growth rate and trend analysis will be applied using these tools. For better development of India's banks and economy, the researcher suggested valuable advice.

Key Words: Rural and Agricultural Development & Operational performance.

Introduction

Regional Rural Banks (RRBs) in India occupy an important position as an engine for rural and agricultural development. They accept deposits from the general public and provide loans and advances to rural, economically, and socially disadvantaged people across the nation. Reflecting this core mandate, approximately 92% of all RRB branches are located in rural and semi-urban areas. Currently, the RRB network spans around 730 districts across 26 states and 3 union territories, catering to over 32.4 crore deposit accounts. To drive grass-roots development, these banks direct 75% of their total lending toward priority sectors, helping farmers transition to modern irrigation systems and purchase advanced machinery for agricultural modernization. Accordingly, the present study seeks to identify and evaluate the specific trend and growth trajectory of these vital institutions.

Objectives of the Study

To analyse the operational performance of Regional Rural Banks in India.

To offer suitable suggestions based on the findings of the study.

Methodology of the Study

The analysis utilized growth rates, means, trends, and compound annual growth rates (CAGR) to help forecast financial trajectories and guide long-term investment decisions.

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Operational Performance of RRBs in India

Deposits Received by Regional Rural Banks in India

Table 1: Analysis of Trend and Growth of Deposits Received by Regional Rural Banks in India

Financial Year	Total Deposits (in ₹ Crore)	Increase/Decrease (in ₹ Crore)	Growth Rate (%)
2018-2019	4,34,444	—	—
2019-2020	4,78,413	43,969	10.12%
2020-2021	5,25,226	46,813	9.79%
2021-2022	5,62,538	37,312	7.10%
2022-2023	6,08,509	45,971	8.17%
Mean	**5,21,826**	**43,516**	**8.80%**
CAGR	—	—	**8.78%**

Table 1 shows the total deposits received by RRBs in India from FY 2018–2019 to FY 2022–2023. The data reveals that deposit mobilization grew steadily and continuously year after year, increasing from ₹4,34,444 Crore to ₹6,08,509 Crore. This robust expansion is a positive indicator of growing public trust, suggesting that RRBs should maintain this effective resource mobilization strategy in the future.

RRB Loans and Advances in India

Table 2: Analysis of Trend and Growth of RRB Loans and Advances in India

Financial Year	Total Loans & Advances (in ₹ Crore)	Increase/Decrease (in ₹ Crore)	Growth Rate (%)
2018-2019	2,80,755	—	—
2019-2020	2,98,214	17,459	6.22%
2020-2021	2,95,214	-3,000	-1.01%
2021-2022	3,34,171	38,957	13.20%
2022-2023	3,62,838	28,667	8.58%
Mean	**3,14,238**	**20,521**	**6.75%**
CAGR	—	—	**6.62%**

Table 2 shows the total loans and advances extended by RRBs in India from FY 2018–2019 to FY 2022–2023. The data indicates that credit deployment by RRBs increased on average across the period, recording a mean of ₹3,14,238 Crore and a Compound Annual Growth Rate (CAGR) of 6.62%. To further enhance grass-roots development, these banks should aim to expand credit access for socially and economically disadvantaged backgrounds by offering collateral-free lending options in the future.

RRB Net Profits in India

Table 3: Analysis of Trend and Growth of RRB Net Profits in India

Financial Year	Total Net Profit/Loss (in ₹ Crore)	Increase/Decrease (in ₹ Crore)	Growth Rate (%)
2018-2019	-652	—	—

2019-2020	-2,206	-1,554	-238.34%
2020-2021	1,685	3,891	176.38%
2021-2022	3,219	1,534	91.04%
2022-2023	4,974	1,755	54.52%
Mean	**1,404**	**1,407**	**20.90%**
CAGR	—	—	—

Table 3 illustrates the net profit/loss earned by Regional Rural Banks (RRBs) in India. The sector faced severe downward volatility in FY 2018–19 and FY 2019–20, generating substantial systemic net losses primarily due to heavy provisioning required for newly implemented staff pension schemes under regulatory and judicial updates. Conversely, the highest growth recovery was recorded during the post-pandemic cycle in FY 2020–21 and FY 2021–22, driven by structural consolidation and economic recovery frameworks.

RRB Total Capital in India

Table 4: Analysis of Trend and Growth of RRB Total Capital in India

Financial Year	Total Capital / Own Funds (in ₹ Crore)	Increase/Decrease (in ₹ Crore)	Growth Rate (%)
2018-2019	30,322	—	—
2019-2020	34,220	3,898	12.86%
2020-2021	37,392	3,172	9.27%
2021-2022	41,123	3,731	9.98%
2022-2023	46,310	5,187	12.61%
Mean	**37,873**	**3,997**	**11.18%**
CAGR	—	—	**11.16%**

Table 4 details the capital / own funds of Regional Rural Banks (RRBs) in India from FY 2018–2019 to FY 2022–2023. The growth remained positive throughout the five years due to sequential state-backed recapitalization schemes designed to assist banks with balancing statutory requirements alongside internal reserve retention. The mean capital over the study period stood at ₹37,873 Crore.

RRB Total Assets in India

Table 5: Analysis of Trend and Growth of RRB Total Assets in India

Financial Year	Total Assets (in ₹ Crore)	Increase/Decrease (in ₹ Crore)	Growth Rate (%)
2018-2019	5,30,420	—	—
2019-2020	5,85,600	55,180	10.40%
2020-2021	6,32,450	46,850	8.00%
2021-2022	6,75,910	43,460	6.87%
2022-2023	7,29,540	53,630	7.93%
Mean	**6,30,784**	**49,780**	**8.30%**
CAGR	—	—	**8.29%**

Table 5 presents the total assets of RRBs from FY 2018–2019 to FY 2022–2023. The absolute value of total assets expanded substantially from ₹5,30,420 Crore to ₹7,29,540

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Crore, proving that rural financial frameworks maintained underlying physical expansion even during cycles of lower baseline profitability.

Findings of the Study

The total deposits received by Regional Rural Banks (RRBs) in India exhibited steady and continuous growth year over year, increasing substantially from ₹4,34,444 Crore to ₹6,08,509 Crore, which serves as a highly positive indicator of rising public confidence. Mirroring this trend, gross loans and advances expanded across the baseline timeframes. Profitability metrics experienced severe stress during the initial phase (FY 2018–19 and FY 2019–20) owing to heavy operational provisioning and pension scheme compliance architectures. However, financial health improved dramatically post-2020. Overall, the total asset base of RRBs grew robustly, confirming an era of structural expansion and operational resilience for rural banking networks.

Recommendations of the Study

The financial markers of Regional Rural Banks in India for fiscal years 2018–19 through 2022–23 underscore a complex period of institutional growth, regulatory adaptation, and fundamental restructuring. Systemic resource mobilization exhibited a consistent upward trend as total deposits steadily grew from ₹4,34,444 Crore to ₹6,08,509 Crore. While consolidated net profitability encountered severe operational friction initially from statutory adjustments, subsequent interventions and capital injections bolstered the structural health of the sector. Ultimately, this thorough assessment demonstrates that organizational integration, capital infusion frameworks, and public trust have enhanced the long-term viability of rural banking networks.

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