



Ph.D Thesis on

**GROWTH AND PERFORMANCE OF ASSAM GRAMIN VIKASH
BANK: AN EVALUATIVE STUDY**

**THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF DOCTOR OF
PHILOSOPHY**

By

UPAMA KALITA

Regd. No. Ph.D/COM/00473

**DEPARTMENT OF COMMERCE
SCHOOL OF SOCIAL SCIENCES
NOVEMBER 2025**

Ph.D Thesis

On

**GROWTH AND PERFORMANCE OF ASSAM GRAMIN VIKASH
BANK: AN EVALUATIVE STUDY**

By

Upama Kalita

Under the Supervision of

Prof. P. K Deka

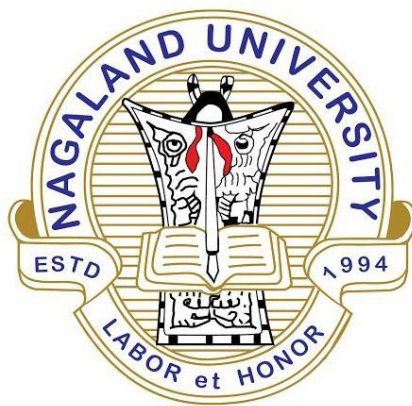
Department of Commerce

Nagaland University

Submitted

**In partial fulfilment of the requirements for the Degree of Doctor of
Philosophy in**

Commerce of Nagaland University



(A Central University established by the Act of Parliament of India 1989)

Kohima Campus, Meriema- 797004, Nagaland

CERTIFICATE

This is to certify that the thesis entitled “**Growth and Performance of Assam Gramin Vikash Bank: An Evaluative study**”, submitted by Upama Kalita bearing Reg. No. Ph/D/COM00473 for the award of the degree of Doctorate of Philosophy in Commerce, Nagaland University, Kohima Campus, is a bonafide work carried under my supervision and guidance. She has been duly registered and the thesis presented is worthy of being considered for the Ph.D. degree.

The research work has not been submitted for any degree to any other university.

Place: Kohima

Supervisor

Date:

(Dr. P. K. Deka)

Professor

Department of Commerce

Nagaland University

Kohima Campus: Meriema

DECLARATION

I, Upama Kalita bearing registration number Ph.D/COM/00473, hereby declare that the thesis entitled, “Growth and Performance of Assam Gramin Vikash Bank: An Evaluative study”, is an original work done by me, under the supervision of Dr. P.K. Deka, Professor, Department of Commerce, Nagaland University, Kohima Campus, Meriema, for the award of degree of Doctor of Philosophy in Commerce on fulfillment of minimum criteria laid down by the university.

Dated:

(Upama Kalita)
Research Scholar
Department of Commerce
Nagaland University

ACKNOWLEDGEMENT

I wish to express my heartfelt appreciation to my supervisor, Dr. P.K. Deka, Professor in the Department of Commerce at Nagaland University, Kohima Campus, Meriema, for his constant support, dedication, encouragement and motivation throughout my studies. Without his vast knowledge, persistent guidance and valuable suggestions, this research study would not have been possible.

I also extend my sincere gratefulness to the faculty members of the Commerce Department for their constant support and insightful feedback. My sincere thanks to Prof Joy Das, Head of the Department; Prof A.K. Mishra; Prof. Gautam Patikar; Dr. Ratan Kaurinta, Associate Professor; Dr. Jasojit Debnath, Associate Professor; Dr. Maloth Raghu Ram, Assistant Professor, Dr. Perumalraja R. Assistant Professor. Their encouragement and valuable contributions have been crucial to my academic journey. Additionally I am thankful to the non-teaching staff of the Commerce Department for their assistance and support, which ensured the smooth conduct of my work.

I am also grateful to Dr. Jasojit Debnath, Associate Professor, Department of Commerce, Nagaland University, for his timely and valuable suggestions, and assistance given to me for the timely completion of my studies.

With sincere heart, I thank to the officials of Assam Gramin Vikash Bank for their consultancy and assistance during the survey phase of my research. Their expertise and cooperation were invaluable to my work.

Most importantly, none of this would have been successful without the unwavering trust and support of my husband Basabjyoti Dowerah, who deserves my appreciation for his patience and contribution in various ways in the completion of this work.

My heartfelt gratitude goes to my family for their unwavering support. I am deeply thankful to my father late Biren Kalita and my mother Dulu Kalita. I am also thankful to my father in law Jyoti Prakash Dowerah and mother in law

Indira Dowerah. Their belief in me and their sacrifices have been the foundation of my success. Without their encouragement, this achievement would not have been possible.

I am also thankful to the Principal of Pragjyotish College and my colleagues for their love, encouragement and support throughout my studies.

Lastly, I seek forgiveness from all my friends and well-wishers whose names I may not mentioned individually. I sincerely acknowledge your prayers and contributions and pray to almighty God to bless you all

Place: Kohima

Date:

Upama Kalita

CONTENTS

Chapter-1 : INTRODUCTION

- 1.1 Historical Background of Banking sector in India
- 1.2 Regional Rural Banks in India
- 1.3 Significance of the study
- 1.4 Statement of the Problem
- 1.5 Review of Literature
- 1.6 Objectives of the study
- 1.7 Hypothesis of the study
- 1.8 Research Methodology
- 1.9 Periodicity of the study
- 1.10 Chapterisation of the study
- 1.11 Limitations of the study

CHAPTER-2 : EXISTING SCENARIO OF ASSAM GRAMIN VIKASH BANK: ORGANISATION AND MANAGEMENT PATTERN AND SOURCE OF FINANCE OF ASSAM GRAMIN VIKASH BANK

- 2.1 Organisational Structure of RRB
- 2.2 Managerial Aspects of AGVB
- 2.3 Sources of Finance of AGVB

CHAPTER-3: GROWTH AND PERFORMANCE EVALUATION OF ASSAM GRAMIN VIKAS BANK IN TERMS CREDIT, COMPOSITION OF BANK DEPOSITS AND CREDITS, CD RATIO AS WELL AS PROFITABILITY DURING THE LAST 10 YEARS

- 3.1 Growth of Bank Deposits
 - 3.1.1 Deposits per branch of RRB
 - 3.1.2 Annual variation of Regional Rural Bank deposits
 - 3.1.3 Category-wise growth rate of deposits of Regional Rural Bank in Assam

- 3.2 Growth of Bank credit in Assam
 - 3.2.1 Credit per branch of Regional rural banks
 - 3.2.2 Composition of Regional Rural Bank credit according to sectors
- 3.3 Credit-deposit ratio of bank
- 3.4 Non Performing Assets of AGVB
- 3.5 Profitability analysis

CHAPTER-4: ANALYSIS OF CAPITAL ADEQUACY RATIO OF ASSAM GRAMIN VIKASH BANK

- 4.1 Capital Adequacy ratio
- 4.2 Debt-Equity Ratio
- 4.3 Net Advances to Total Assets Ratio
- 4.4 Government Securities to Total Investment Ratio

CHAPTER-5: CHALLENGES AND PROSPECTS OF ASSAM GRAMIN VIKASH BANK

- 5.1 Challenges of Assam Gramin Vikash Bank
- 5.2 Prospects of Assam Gramin Vikash Bank

CHAPTER-6: SUMMARY AND CONCLUSION

- 6.1 Testing of hypothesis
- 6.2 Findings
- 6.3 Recommendations

ANNEXURE I: QUESTIONNAIRE

BIBLIOGRAPHY

LIST OF TABLES

Table no.	Particulars	Page. No.
1.1	Progress of Regional Rural Bank in India	9
1.2	List of Regional Rural Banks in India	12
2.1	Growth of Regional Office, Districts and Branches of AGVB	50
2.2	Areas of operation of Regional Offices of AGVB	51
2.3	Branch Network of AGVB	53
2.4	Staffing pattern of AGVB	58
2.5	Details of Share Capital of AGVB	61
2.6	Borrowings	64
3.1	Annual Growth of total RRB Branches	71
3.2	Compound Annual Growth of the branches of AGVB on the basis of area	73
3.3	Percentage Share of Regional Rural Bank Deposits of Assam to the total Regional Rural Bank deposits in India	76
3.4	Deposit Per Bank Branch In India And Assam	78
3.5	Percentage of Deposit Per Bank Branch in Assam	80
3.6	Annual Growth of total Regional Rural Banks	82
3.7	Percentage Share of Different type of Deposits	84
3.8	Percentage Share of RRB Credit of Assam to the total RRB In India	87
3.9	Total Outstanding Credit & its Annual Growth for RRB in India and Assam	88
3.10	Credit Per Bank Branch in Assam and India	90

3.11	Annual Growth of outstanding credit by sectors of AGVB	93
3.12	Percentage Share of sector wise advances to total Priority Sector	95
3.13	Trend of Credit Deposit Ratio of RRBs	98
3.14	Regions-wise Credit Deposit Ratio	99
3.15	Gross and Net NPA of AGVB	102
3.16	Asset Classification	105
3.17	Recovery Percentage of the Regional Rural Bank	106
3.18	Sector-wise Recovery Position of AGVB	108
3.19	Net Profit of Regional Rural Bank	110
3.20	Component-Wise Profitability of AGVB	113
3.21	Liquidity Ratio	115
4.1	Capital Adequacy ratio	125
4.2	Debt-Equity Ratio	127
4.3	Net Advances to Total Assets Ratio	129
4.4	Government Securities to Total Investment Ratio	131
4.5	Descriptive statistics	132
5.1	Statement of Financial Ratios of AGVB	141
5.2	Gross NPA to total advances in Agricultural sector	142
5.3	Gross NPA to total advances in industrial sector	143
5.4	Gross NPA to total advances in service sector	143
5.5	Gross NPA to total advances in personal loan sector	143
5.6	Performance Indicators of Assam Gramin Vikash Bank	156

6.1	Constituents of CAMELS model	164
6.2	Capital Adequacy	165
6.3	Asset Quality	167
6.4	Management Efficiency	168
6.5	Earning Quality	170
6.6	Liquidity	172
6.7	Regression analysis	175

LIST OF FIGURES

Fig no.	Particulars	Page. No.
2.1	Staffing pattern	58
2.2	Share capital of AGVB	61
2.3	Borrowings of AGVB	64
3.1	Growth of branches	73
3.2	Per bank branch deposit	79
3.3	Annual Growth of RRB deposit	82
3.4	Percentage share of different type of deposits	84
3.5	Annual Growth of RRB Credit	88
3.6	Credit per branch	90
3.7	Annual Growth of Priority Sector And Non Priority Sector	93
3.8	CD Ratio	98
3.9	Recovery Position	107
3.10	Net profit	111
4.1	Debt-Equity Ratio	128
4.2	Net Advances to Total Assets Ratio	129
4.3	Government Securities to Total Investment Ratio	131
5.1	Gross NPA sector wise under priority sector	144

LIST OF ABBREVIATIONS

AAGR	: Annual Average Growth Rate
APY	: Atal Pension Yojana
AGVB	: Assam Gramin Vikash Bank
APGB	: Andhra Pragathi Grameena Bank
ATM	: Automated Teller Machine
BCBS	: Basel Committee on Banking Supervision
BPE	: Business per Employee
CAGR	: Compound Annual Growth Rates
CRAR	: Capital to Risk Weighted Assets Ratio
CAR	: Capital Adequacy Ratio
CGB	: Cachar Gramin Bank
CEO	: Chief Executive Officer
CDR	: Credit-Deposit Ratio
CRR	: Cash Reserve Ratio
CV	: Co-efficient of Variation
DRGB	: Dena Rajasthan Gramin Bank
DIC	: District Industries Centres
EXIM	: Export Import Bank
GOI	: Government of India
IDBI	: Industrial Development Bank of India
IFCI	: Industrial Finance Corporation of India
KCC	: Kisan Credit Cards
KVGB	: Karnataka Vikas Grameena Bank
KGB	: Kerala Gramin Bank
LGB	: Lakhimi Gaonlia Bank
LDB	: Langpi Dehangi Bank
LA	: Liquid Assets

MRB	: Meghalaya Rural Bank
MIS	: Management Information Systems
MSME	: Micro, Small, and Medium Enterprises
NHB	: National Housing Bank
NABARD	: National Bank for Agriculture and Rural Development
NSKFDC	: National Safai Karamcharis Finance and Development Corporation
NEDFI	: North East Development Finance Corporation
NER	: North-eastern Region
NBFC	: Non-Banking Financial Companies
NIM	: Net Interest Margin
NPA	: Non-Performing Assets
PNB	: Punjab National Bank
PGB	: Pragjyotish Gaonlia Bank
PPE	: Profit per Employee
PMEGP	: Prime Minister's Employment Generation Programme
PMSVANIDHI	: PM Street Vendors Atma Nirbhar Nidhi
PMAY	: Pradhan Mantri Awas Yojana
PMJJBY	: Pradhan Mantri Jeevan Jyoti Bima Yojana
PMSBY	: Pradhan Mantri Suraksha Bima Yojana
RBI	: Reserve Bank of India
RWA	: Risk-Weighted Assets
ROA	: Return on Assets
ROI	: Return on Investments
RRB	: Regional Rural Bank
RSETI	: Rural Self-Employment Training Institutes
SD	: Standard Deviation

SIDBI	: Small Industries Development Bank in India
SGB	: Subansiri Gaonlia Bank
SHG	: Self-Help Groups
SDG	: Sustainable Development Goals
SKGB	: Surguja Kshetriya Gramin Bank
SARFAESI	: Securitisation and Reconstruction of Financial Assets and Enforceme of Security Interest
SVAYEM	: Swami Vivekananda Youth Empowerment
SME	: Small and Medium Enterprises
SLR	: Statutory Liquidity Ratio
TD	: Total Deposits
UBI	: United Bank of India

CHAPTER 1

INTRODUCTION

A sound financial system is essential for a healthy and vibrant economy and will result in faster economic growth. Banks occupy an important position in this sector in bridging the two sections of the economy - the households and the enterprises by promoting savings and lending funds for investments. An efficient banking system is important in attracting and deploying investments for an overall economic development as such it is one of the pivotal financial pillars of the financial system, which plays a vital role in the success/ failure of an economy. A well-organized banking system provides liquidity and mobility to the financial resources accessible in the economy. Banks perform important functions for society as they contribute to the economy in general. It provides payment services and enables firms and households to cope with economic uncertainties. In a developing country like India, where the propensity to consume is high, and people's savings are meager, banks play a strategic role in attracting more deposits from the people and deploying these savings to lubricate various economic sectors. The availability of adequate and timely credit can go a long way in improving the productive capacity of the various sectors of the economy. Modern business is impossible without them and no country can achieve industrial progress without a sound banking system. Thus, the efficiency of the banking system is a key determinant of sustainable growth, where the existence of banking sectors plays a very useful and crucial role in the economic life of every nation. So availability of banking and credit facilities is an essential requisite for the economic development of rural masses. Credit is one strategic input for the successful implementation of rural development programmes. Rural Credit is important in any effort at eliminating rural poverty and providing employment opportunities. Therefore, developing financial institutions in the manner in which they can mobilize the savings and channelize them in productive activities, is a matter of great necessity.

In context of North-eastern Region (NER), the region has a geographical area of 2.25 lakh sq. km, accounting for nearly 8 percent of the total land mass of India comprising of seven states Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura. The region has a vast coverage of forest nearly 55 per cent of the total geographical area and is a land of magnificent hill beauty with several unique and unparalleled features: fertile and organic land, abundant mineral and water resources, evergreen dense forests, high rainfall, vast

biodiversity, flora and fauna, and a mixture of socio economic, political, cultural and ethnic diversity. (Gogoi, J.K)¹. The economy of the region is mostly agrarian, with almost 77 percent of the working population engaging in agriculture and allied activities. (Khou & Mothilal, 2018)². The entry of banking system into the economy of north-eastern of India was relatively delayed. During the pre-independence period, existence of banking services in this region of India was insignificant. However, the region felt positive vibration in the development of banking sector after the nationalization of commercial banks in 1969 along with rest of India. It is worth mentioning that reform in banking sector was implemented on the basis of the recommendations of a committee on financial System (popularly known as Narasimham Committee) made in 1991 and 1998. (Sarma, Chayanika)³. In north-eastern region, commercial banks, Regional rural Banks and Co-operative banks are the three prominent institutional agencies providing financial assistance for agriculture and rural development. Besides these banks, other financial institutions like North East Development Finance Corporation (NEDFI), Small Industries Development Bank in India (SIDBI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI) and state level financial institutions are also functioning in the state with limited branches. These institutions by financing the developmental activities help in promoting a balanced, equitable, and self-reliant pattern of development in all the regions. The demand for credit has been increasing continuously over the years in the rural region of NER because of its geographic, and other socio-economic and natural constraints. So, the availability of adequate finance is a pre-requisite for every developmental activity. Till the birth of regional rural banks in India, branches of commercial banks and co-operative banks were operating in the rural areas. However, the credit needs of rural India were not sufficient. So, establishing Regional Rural Banks (RRBs) represents a pioneering effort and a valuable approach in improving the efficiency of rural credit delivery systems in India. To provide adequate banking and credit facilities to the weaker sections, the banking commission, 1972 recommended to establish an alternative institution for rural credit and ultimately Government of India established RRBs, a separate institution specifically for rural credit on the basis of the recommendations of Sh. M. Narashimham that gave birth to RRBs in the year 1975.

In regard to the study area the State of Assam has 35 Administrative Districts. These districts are demarcated on the basis of the features such as the rivers, hills, forests, etc. (Govt of Assam)⁴. So, the banking sector in Assam is an essential component of the state's economy, acting as the primary channel for formal credit and financial inclusion. Since Assam is more or less a rural state, the importance of RRBs in this underdeveloped state was urgently felt. As a result, in the year 1976 the first RRB was set in the state with the name Pragjyotish Gaonlia Bank. Though many other bank branches are functioning in the state, this bank has laid its foundation as a small man's bank and expanded its branches into the most remote places of the state. Gradually four other RRBs i.e. Lakhimi Gaonlia Bank, Cachar Gramin Bank, Subansiri Gaonlia Bank and Langpi Dehangi Bank were also established. Later on all these RRBs were amalgamated to form a single RRB called Assam Gramin Vikash Bank in 2006. Hence this bank has a great task and challenge to provide banking facility to the rural people in all 35 districts of the state.

1.1 HISTORICAL BACKGROUND OF BANKING SECTOR IN INDIA

The history of Banking in India originated in the last decades of the 18th century. The first bank of India was Bank of Hindustan, which started in 1770. The East India Company established the English Agency Houses. These agency houses were trading firms, carrying on banking activities as part of their main business. These agency houses failed and vanished during the third decade of the 18th century because they lacked capital. In the first half of the 19th century, the foundation for modern banking in India was laid down by the East India Company with the establishment of the following presidency banks: Bank of Bengal 1809, Bank of Bombay 1840, and Bank of Madras 1843. All these Presidency banks were established under the Charters from the British East India Company. The presidency Banks acted as Quasi Central Bank for many banks. During the last part of the 19th century and the early phase of the 20th century, the Swadeshi Movement also induced the establishment of several banks with Indian Management. Banks like Bank of India Ltd. 1906, Canara Bank Ltd 1906, Indian Bank of India Ltd. 1907, Bank of Baroda Ltd 1908, Central Bank of India Ltd. 1911 and many more were established. However, most weak banks got bankrupted due to several banking crises during 1913-18. In 1935 the Reserve Bank of India was established with extensive

power for the supervision of banking in India as the Central Banking Authority. During this phase, banks had irregular failures and very slow expansion from 1913-1948. In order to improve the efficiency and operations of commercial banks, the Indian government created the Banking Companies Act of 1949. However, in 1955, Imperial Bank of India was nationalised and offered extensive banking facilities. The government constituted the State Bank of India to act as the principal agent of the RBI and to handle banking transactions of the Union and State Governments all over the country. After Independence the government took prime initiatives in banking sector reforms. In 1969, the major process of 14 commercial banks was nationalised. The second phase of nationalization in the Indian Banking sector reforms was carried out in 1980 with 6 more banks. The Reserve Bank of India was nationalised in the year 1949. Meanwhile, on the recommendations of the Narasimham Committee, Regional Rural Banks (RRBs) was formed on October 2, 1975. The objective behind forming RRBs was to serve the large unserved population of rural areas and promote financial inclusion. To meet the specific requirement from the different sectors (i.e., agriculture, housing, foreign trade, industry), some apex-level banking institutions were set like NABARD (1982), EXIM (1982), NHB (1988), and SIDBI (1990). However with the advent of Indian Financial System and Banking sector reforms after 1991, the period saw remarkable growth in the process of development of banks with the liberalisation of economic process. It was a phase of diversification, consolidation and increment. The financial sector gained momentum with the recommendation of various committees such as the Chakravarty Committee (1985), the Vaghul Committee (1987), and the Narasimham Committee (1991). The first Narasimham Committee gave an outline of banking sector reforms. On these recommendations, the government launched a comprehensive financial sector liberalisation programme. Another conclusion of liberalisation was the dismantling of prohibitions against foreign direct investment. The Narasimham Committee again recommended the entry of more private players in 1988. The third round of bank licensing took place in 2013-2014. For further financial inclusion, RBI proposed to set up two kinds of bank i.e. payment banks and small banks to extend formal banking services to the unbanked population. The introduction of these new banking models marked a major step toward achieving inclusive growth, improving last-mile connectivity, and strengthening the overall structure of India's financial system as per RBI (RBI, 2014)⁵

1.2 REGIONAL RURAL BANKS IN INDIA

The rural banking system occupies an important position in the structure of Indian banking system. Being an agrarian economy over half of the population makes their living from agriculture, so rural banking has acquired increasing relevance in recent years (NABARD 2023)⁶. These needs arise from agricultural activities, rural enterprises, and cottage industries that characterize rural life. The needs of these groups are diverse and often complicated. In earlier times, such financial needs were typically met by village moneylenders, whose operations functioned informally and lacked the structure of modern banking. However, these moneylenders frequently imposed excessively high interest rates and engaged in practices that were often exploitative and detrimental to rural borrowers. So, the cooperative movement emerged in the early 1900s with the enactment of the Cooperative Credit Societies Act of 1904, marking its formal introduction in India. Since then, cooperatives have continued to serve as primary lending institutions in rural areas, meeting both short-term and long-term credit needs of farmers whether for agricultural activities or essential consumption.

Over time, however, the credit needs of the agricultural sector expanded significantly, and it became evident that cooperatives alone could not meet the growing and increasingly diverse demand for rural finance. This led to the adoption of a multi-agency approach to rural credit and the implementation of social control measures. Commercial banks were directed to extend credit to rural populations on a priority basis. With the nationalization of major commercial banks in 1969, a strong push for rural branch expansion followed, aimed at improving access to financial services for the rural poor. Despite these developments, cooperative credit institutions faced persistent challenges. Many primary cooperative societies had become inactive, and in functioning societies, financial assistance often went to a small group of influential members. Small and marginal farmers, as well as agricultural labourers, still struggled to access credit. Similarly, although commercial banks expanded their rural presence, the actual flow of credit to needy rural households remained limited. The low business volume in rural areas also made it difficult for commercial banks to sustain their costly infrastructure, leading many to focus on collecting deposits from the rural affluent rather than lending to the poor. By recognizing these gaps, the Banking Commission appointed in 1969 proposed the

establishment of specialized rural banks. In its review of both commercial and cooperative institutions, the Commission raised concerns about their effectiveness in meeting the credit needs of the rural poor. It noted that even with the rapid expansion of commercial bank branches, a dedicated network was still required to serve rural households more effectively. The Commission pointed out a fundamental mismatch in the system: cooperatives had strong grassroots presence but lacked the capacity to mobilize adequate deposits, while commercial banks had the resources to mobilize funds but were constrained by limited outreach, high lending costs, and insufficient understanding of the complexities of agricultural credit.

By 1975, the government had begun regulating the activities of local moneylenders as part of its 20-Point Economic Programme launched on 1 July 1975 to curb rural indebtedness. This shift highlighted the urgent need for a new institutional framework capable of reaching the rural poor particularly small and marginal farmers, artisans, and agricultural labourers who remained underserved by existing credit systems. In response to this, the Government of India set up the Working Group on Rural Banks on the very same day, 1 July 1975, to examine the feasibility of creating rural banks as subsidiaries of public sector banks. The Group submitted its report on 31 July 1975, recommending the establishment of state-supported, regionally focused Regional Rural Banks (RRBs). These banks were envisioned to combine the strengths of both cooperatives and commercial banks: the grassroots connection, local familiarity, and low-cost operations of cooperatives, along with the financial discipline, deposit mobilization capacity, and modern banking practices of commercial banks. The idea was to introduce a commercial banking culture tailored to rural realities through institutions grounded in rural ethos. The Working Group emphasized that rural banks were intended to complement not replace the existing rural financial institutions. Their role would be pivotal in addressing regional disparities by ensuring that resources mobilized within a region were reinvested locally. They were designed to serve primarily small and marginal farmers, landless labourers, rural artisans, small traders, and other weaker sections, providing them with productive credit and limited consumption loans. Based on these recommendations, the first five Regional Rural Banks were established on 2 October 1975, Gandhi Jayanti, under a presidential ordinance issued on 26 September 1975.

This ordinance was later replaced by the Regional Rural Banks Act of 1976, enacted in April 1976, laying the legal foundation for the RRB network across the country.

- Prathama Bank, Muradabad (U.P.)
- Gorakhpur Kshetriya Gramin Bank, Gorakhpur (U.P.)
- Haryana Kshetriya Gramin Bank, Bhiwani (Haryana)
- Jaipur Nagaur Aanchalik Gramin Bank, Lavan (Rajasthan)
- Gaur Gramin Bank Malda (W.B.)

After the establishment of Regional Rural Banks, a new and significant channel for delivering banking services to rural areas emerged. The objectives of these banks, as outlined in the preamble of the Regional Rural Banks Act of 1976, emphasized the development of the rural economy by supporting agriculture, trade, commerce, industry, and other productive activities in rural regions. The Act specifically aimed to extend credit and related financial services to small and marginal farmers, agricultural labourers, artisans, small entrepreneurs, and other vulnerable groups, thereby strengthening rural development and addressing associated needs in a comprehensive manner. Since its inception in 1975, the RRBs have grown rapidly in structure and strength. From a modest beginning with five banks covering 11 districts of five states with 17 branches, as many as 196 RRBs are operating in 487 districts of 26 states with a branch network of 14390 as of 31st March 2002. The branch network comprises six metropolitan, 326 urban, 1837 semi-urban and 12181 rural branches. The rural branch network of RRBs accounts for nearly 37 percent of the total rural branch network of all scheduled commercial banks in India. This remarkable expansion highlights the pivotal role of RRBs in promoting financial inclusion and rural development. By bringing banking services closer to the grassroots, RRBs have facilitated access to credit, savings, and other financial services for economically weaker sections of society. Their presence has not only supported agricultural and small-scale industrial growth but has also contributed to improving the overall socio-economic conditions in rural areas. Moreover, the continued strengthening of RRBs is essential to bridging the rural-urban divide in financial access and ensuring that the benefits of economic development reach even the remotest corners of the country. The growth of RRBs in terms of structure since 1975 is given in following table:

Table 1.1 Progress of Regional Rural Bank in India

Year	Number of RRBs	Number of branches	Districts covered
Dec 1975	6	17	12
Dec 1976	40	489	84
Dec 1977	48	1187	99
Dec 1978	51	1753	102
Dec 1979	60	2420	111
Dec 1980	85	3279	144
Dec 1981	107	4795	182
Dec 1982	124	6191	214
Dec 1983	150	7795	265
Dec 1984	173	10245	307
Dec 1985	188	12606	333
Dec 1986	194	12838	351
Dec 1987	196	13353	363
Dec 1988	196	13920	369
Mar 1989	196	14079	369
Mar 1990	196	14443	372
Mar 1991	196	14527	381
Mar 1992	196	14539	392
Mar 1993	196	14543	398
Mar 1994	196	14542	408
Mar 1995	196	14509	425
Mar 1996	196	14497	427
Mar 1997	196	14461	427
Mar 1998	196	14475	451
Mar 1999	196	14499	454
Mar 2000	196	14301	457
Mar 2001	196	14313	476
Mar 2002	196	14390	487
Mar 2003	196	14433	516
Mar 2004	196	14446	518
Mar 2005	196	14484	523
Mar 2006	133	14494	525

Mar 2007	96	14526	534
Mar 2008	91	14761	594
Mar 2009	86	15158	616
Mar 2010	82	15480	618
Mar 2011	82	16001	620
Mar 2012	82	16909	638
Mar 2013	64	17861	635
Mar 2014	57	19082	642
Mar 2015	56	20024	644
Mar 2016	56	20920	644
Mar 2017	56	21422	676
Mar 2018	56	21747	NA
Mar 2019	43	21871	683
Mar 2020	43	21847	NA
Mar 2021	43	21856	696
Mar 2022	43	22187	702
Mar 2023	43	22321	703
Mar 2024	43	22069	700

Source: Compiled from Quarterly statistics on deposits and credit of scheduled commercial banks, Reserve Bank of India from the year 1975 to 2024

It is clear from the table 1.1 that after the first year of its inception in 1975, a sharp increase was recorded during the next year in which the number of banks went up to 40, covering 84 districts with a branch network of 489. Thus, just after passing 12 years after its inception, as many as 196 RRBs were operating with 13353 branches covering 363 districts till the end of 1987. Further, it is also found that from 1987 onwards, the number of RRBs is constant till 2006, and then decreases gradually. According to RBI the numbers of RRBs operating in the country has come down to 43 as on 31st March 2024 from 196 in 2005 through amalgamation and consolidation to improve their financial performance and soundness. So far as amalgamation with RRB is concerned, the under mentioned steps has been taken by RBI: The Reserve Bank of India appointed a committee chaired by Professor V. S. Vyas to examine the “Flow of Credit to Agriculture and Related Activities from the Banking System.” This committee evaluated the continued relevance of Regional Rural Banks (RRBs) in the rural credit structure and explored ways to strengthen

their viability. Subsequently, the RBI's Internal Working Group on RRBs, led by Shri A. V. Sardesai, recommended the amalgamation of RRBs to enhance their operational efficiency and leverage economies of scale. Based on these suggestions, the Government of India initiated the consolidation of RRBs in 2005–06. The first phase involved merging RRBs sponsored by the same bank within a state in 2005, while the second phase (2012–2015) extended amalgamation across sponsor banks within states. These efforts reduced the number of RRBs from 196 to 56 and improved their efficiency, productivity, financial stability, role in financial inclusion, and credit delivery to rural areas. A third phase of consolidation began in 2018–19, guided by the principle of “One State – One RRB” for smaller states and a reduction in the number of RRBs in larger states. As part of this phase, newly merged RRBs were formed in Bihar and Punjab on 1 January 2019, bringing the total number of RRBs to 53 as of 31 March 2019. Further mergers effective from 1 April 2019 combined 16 RRBs across seven states—Assam, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Tamil Nadu, and Uttar Pradesh into 8 new RRBs, reducing 45. In 2020–21, three RRBs in Uttar Pradesh—Baroda Uttar Pradesh Gramin Bank, Kashi Gomti Samyut Gramin Bank, and Purvanchal Bank were consolidated into Baroda U.P. Bank under the sponsorship of Bank of Baroda, effective 1 April 2020. This merger further reduced the total number of RRBs to 43. The amalgamation of these regional rural banks during this period also led to a decline in the number of sponsor banks from 15 to 12, effective from 1 April 2020 (Department of financial Services)⁷. This process of amalgamation reflects the government's on-going efforts to strengthen the operational and financial efficiency of RRBs. By consolidating smaller banks, the objective is to create larger, more robust institutions capable of better risk management, improved credit deployment, and enhanced technological adoption. Overall, these reforms aim to ensure that RRBs remain vital instruments for financial inclusion, rural development, and the sustainable growth of the banking sector in India. The names of RRBs in India as on 2023-24 are shown in the table:

Table 1.2 List of Regional Rural Banks in India

Sl. No.	State/UT	Sponsor Bank	Name of RRB
1	Andhra Pradesh	Canara Bank	Andhra Pragathi Grameena Bank
		Union Bank of India	Chaitanya Godavari Grameena Bank
		Indian Bank	Saptagiri Grameena Bank
2	Arunachal Pradesh	State Bank of India	Arunachal Pradesh Rural Bank
3	Assam	Punjab National Bank	Assam Gramin Vikash Bank
4	Bihar	Punjab National Bank	Dakshin Bihar Gramin Bank
		Central Bank of India	Uttar Bihar Gramin Bank
5	Chhattisgarh	State Bank of India	Chhattisgarh Rajya Gramin Bank
6	Gujarat	Bank of Baroda	Baroda Gujarat Gramin Bank
		State Bank of India	Saurashtra Gramin Bank
7	Haryana	Punjab National Bank	Sarva Haryana Gramin Bank
8	Himachal Pradesh	Punjab National Bank	Himachal Pradesh Gramin Bank
9	Jammu & Kashmir	State Bank of India	Ellaquai Dehati Bank
		J and K Bank	J & K Grameen Bank
10	Jharkhand	State Bank of India	Jharkhand Rajya gram in Bank
11	Karnataka	Canara Bank	Karnataka Gramin Bank
		Canara Bank	Karnataka Vikas Grameena Bank
12	Kerala	Canara Bank	Kerala Gramin Bank
13	Madhya Pradesh	Bank of India	Madhya Pradesh Gramin Bank
		State Bank of India	Madhyanchal Gramin Bank
14	Maharashtra	Bank of Maharashtra	Maharashtra Gramin Bank
		Bank of India	Vidharbha Konkan Gramin Bank
15	Manipur	Punjab National Bank	Manipur Rural Bank
16	Meghalaya	State Bank of India	Meghalaya Rural Bank
17	Mizoram	State Bank of India	Mizoram Rural Bank
18	Nagaland	State Bank of India	Nagaland Rural Bank
19	Odisha	Indian Overseas Bank	Odisha Gramya Bank
		State Bank of India	Utkal Grameen Bank
20	Puducherry	Indian Bank	Puduvai Bharathiyar Grama Bank
21	Punjab	Punjab National Bank	Punjab Gramin Bank
22	Rajasthan	Bank of Baroda	Baroda Rajasthan Kshetriya Gramin Bank
		State Bank of India	Rajasthan Marudhara Gramin Bank
23	Tamil Nadu	Indian Bank	Tamil Nadu Grama Bank
24	Telangana	State Bank of India	Andhra Pradesh Grameena Vikas Bank
		State Bank of India	Telangana Grameena Bank
25	Tripura	Punjab National Bank	Tripura Gramin Bank
26	Uttar Pradesh	Bank of India	Aryavart Bank
		Bank of Baroda	Baroda U.P. Bank
		Punjab National Bank	Prathama U.P Gramin Bank
27	Uttarakhand	State Bank of India	Uttarakhand Gramin Bank
28	West Bengal	Punjab National Bank	Bangiya gram in Vikash Bank
		UCO Bank	Paschim banga Gramin Bank
		Central Bank of India	Uttar Banga Kshetriya Gramin Bank

Source: Key Statistics and Financial Statements of RRBs 2023-24

Thus, the establishment of Regional Rural Banks introduced a specialized, rural-focused credit structure designed to serve the financial needs of weaker and often overlooked sections of the rural population. Their primary objective is to promote the development of the rural economy by supporting agriculture, trade, commerce, industry, and other productive activities. In particular, RRBs aim to extend credit and financial services to small and marginal farmers, agricultural labourers, artisans, and small entrepreneurs. Looking ahead, RRBs are expected to play an even more significant role by delivering a wider range of financial products on a larger scale. To meet evolving rural needs effectively, they must adopt an integrated system of financial service delivery that enhances their operational viability, lowers transaction costs, and addresses the unique and diverse requirements of rural communities. Moreover, with rapid technological advancements and policy support, RRBs have the potential to become key drivers of inclusive growth by expanding digital banking, strengthening financial literacy, and fostering entrepreneurship in rural areas. Their continued evolution will be crucial in bridging the rural–urban financial divide and ensuring sustainable development across India’s grassroots economy.

1.3 SIGNIFICANCE OF THE STUDY

India could not rely upon Co-operative and Commercial banks for rapid growth and development in rural areas to cater to the credit needs of the weaker sections of the society thus Central Government had set up Regional Rural Banks throughout the country in 1975 with main objective of providing credit to the target groups consisting of small and marginal farmers, agricultural labourers and rural artisans on lower rate of interest and to inculcate the habit of thrift and savings. Agriculture is the backbone of the state economy of Assam. Assam serves as a major gateway to the North-Eastern corner of India. Assam is the home to 2.6% population of the country. According to Census 2011 (Govt. of India), 85.90% lives in rural areas. As per poverty estimate data for 2011-12 by the Planning Commission of India, which was based on the Tendulkar Methodology, around 31.98 % of the population lives below poverty line in Assam. Poor people cannot easily access credit from commercial banks because commercial banks charge collateral securities against loans that poor people don’t have. Moreover, the rate of interest charged is also high, and lots of legal formalities are also required. NABARD, which was

established in the year 1982 with a view of developing and implementing financial inclusion in rural areas, started micro financing through Assam Gramin Vikash Bank.

Assam, as a developing economy, faces many problems like being over-dependent on agriculture, scarcity of capital, lack of entrepreneurship, etc. There is dependence on agriculture, and at the same time, agriculture is not modernized. The majority of the rural areas in Assam do not have adequate banking infrastructure. Lack of organised credit mechanism lands the poor at the mercy of unscrupulous and opportunistic money lenders. Therefore, an effective credit control mechanism must be set in place in areas without banking facilities.

Efficiency studies throw light on the proper utilization of inputs and give a direction on minimisation of cost and allocation of resources. Such studies help the organization formulate policies to improve its output level by cost minimization. Thus, a study is required to be conducted to know why people are not getting benefits despite their existence and to know the levels of efficiency of the banks in promoting rural development. The growth and performance depend on a complex interaction of many variables, so there is an urgent need to examine the growth and performance of AGVB towards the state's socio-economic development. Such studies are highly significant today because, in the competitive market, efficient organizations can easily face challenges. The bank branches in Assam would be able to challenge the competition only if they are efficient. This study will be helpful to the state itself for taking positive steps and remedial measures for the remarkable performance of the banking sector towards overall development as well as enormous importance to all stakeholders.

1.4 STATEMENT OF THE PROBLEM

Rural Development is vital not only because an overwhelming majority of India's population lives in villages but also because the development of rural activities is essential if the pace of overall economic development of the country is to be accelerated. The problem of rural development in India is multidimensional and complex in nature. The rural people have different socio-economic backgrounds, and they also belong to different geographical locations. Many a time they are not able to access the facilities provided by the government due to such constraints. The solution to economic development lies in the removal of poverty and ignorance

which are widely prevalent in the country. With this view, the Regional Rural Banks were set up to provide easy and accessible financial help to the deprived masses living in the rural areas. This would in turn bring out the overall aid and assistance to the rural masses in terms of development and finance.

North Eastern region is underdeveloped compared with some other regions of the country. Assam is predominantly an agrarian economy with the agricultural sector employing more than 50% of the rural people. The State of Assam poses a few problems in the path of economic development. The backwardness of the state is also due to non-adaptability of new technology, to the traditional method of shifting cultivation, non-existence of big industries, low level of consciousness among the rural people and above all non-acceptance of the banking facilities in the rural areas on the other hand the region has its potentiality in respect of various raw materials availability of land with the scope for dairy farming as well as horticulture. Since the nationalization of commercial banks, the banks have played a commendable role for the development of the state, yet there seems to be great imbalance in respect of development, especially in rural areas of the state. The Assam Gramin Vikash bank is playing a vital role towards the overall economic and social development of the state, but according to the current scenario if we take into study the growth and performance of the bank, it is not satisfactory. The problem to be stated here is that there are various hurdles and challenges that the bank in Assam is facing in current times thus there is the need of taking effective procedure or solution in tackling the existing problems. The need of the hour is to adopt different initiatives by the bank, so that it can provide a sense of security among the people and aid the agricultural sectors more efficiently. Hence, an attempt is being made in the present study to examine the various aspects of the growth and performance of the bank at grass root level as well as to know the real beneficiaries and non-beneficiaries under the various schemes of this bank.

1.5 REVIEW OF LITERATURE

The related literature review provided insight into the various aspects of the growth and performance and problem defined for the study. The studies have been undertaken by scholars on aspects like rural development, performance and prospects, growth and development, profitability analysis, rural credit delivery. As

per the nature and scope of the studies, only the major works that have been bearing on the growth and performance of Assam Gramin Vikash Bank were reviewed.

Naba Kr. Goswami (2010)⁸ “Structural Reorganisation of Rural Banking System in Assam” has observed that Assam Gramin Vikash Bank have been continuously giving special thrust on the formation of SHG and for their credit linkage by the bank in order to evolve supplementary credit strategy for benefitting rural poor and to inculcate banking habits both thrift as well as credit.

Satish, P (2010)⁹, in his article on “Repositioning RRBs as the main arm of the Agricultural Credit Delivery Mechanism in India”, highlighted that India’s agricultural credit system operates under a multi-agency framework comprising commercial banks, cooperative banks, and regional rural banks (RRBs). Despite this vast network, several studies have identified negative trends in institutional credit flow to agriculture. While commercial banks’ share in agricultural lending has increased, it remains inadequate and tends to bypass small farmers. Cooperative banks, which are undergoing reforms, face uncertainty regarding their long-term viability due to their political rather than professional nature. Consequently, RRBs emerge as the most viable institutional alternative and stated that a strong and sustainable agricultural credit system in India can be achieved only if RRBs are restructured and empowered to take the lead in agricultural financing.

Kumar and Sharma (2011)¹⁰, in their comparative study of Himachal Gramin Bank and Parvatiya Gramin Bank, observed that Parvatiya Gramin Bank adopted a more cautious approach in managing Non-Performing Assets (NPAs). The study found that the ratio of NPAs to total assets had declined in recent years for Parvatiya Gramin Bank, indicating more effective NPA management and improved loan recovery practices compared to Himachal Gramin Bank.

Reddy and Parsad (2011)¹¹ measured the performance of Regional Rural Banks by using the CAMEL Model. The study analysed two Grameen banks—Andhra Pragathi Grameena Bank and Sapthagiri Grameena Bank based on data from their annual reports covering the years 2006 to 2010. The study found that Sapthagiri Grameena Bank performed well under the asset quality parameter. In terms of management efficiency, Andhra Pragathi Bank performed better and Sapthagiri performed poorly. In terms of earning parameter, Andhra Pragathi Bank performed better and Sapthagiri

performed badly. In terms of the liquidity parameter, both banks performed the same. In overall performance, APGB scored the top rank.

Kumar Soni and Abhay Kapre (2012)¹² observed that many Regional Rural Banks (RRBs) were facing challenges such as overdues, poor recovery rates, and increasing non-performing assets, making it essential to examine their financial performance. Their study analysed the performance of RRBs in India during 2007–2011, using data from the annual reports of NABARD and the RBI. The primary aim was to assess the financial performance and key indicators of RRBs, evaluate their growth trends, and suggest measures for improving their efficiency and effectiveness. The study concluded that the overall performance of RRBs had shown significant improvement over the years. However, the researchers emphasized the need for greater transparency in operations to eliminate the imbalance between bankers and customers. In this competitive era, RRBs have to concentrate on speedy, qualitative service to retain existing customers and attract potential customers.

Subudhi and Ram (2012)¹³ assessed the operational efficiency of RRBs and other commercial banks of Odisha from 2007-08 to 2010-11 by using secondary data and considering indicators viz. number of branches, deposits mobilized, loans outstanding, credit-deposit ratio, total loans outstanding, and loans outstanding in various sectors like priority sector, agriculture, weaker sections, and women borrowers. The study revealed that the number of branches of commercial banks increased in comparison to RRBs and the share of aggregate bank deposits and loans of RRBs showed a declining trend. The performance of RRBs was much better in comparison to those of public sector and private sector banks and also the credit-deposit ratio of RRBs was higher than the public sector banks and private sector banks. It is suggested that the government should frame favourable policies for creating a suitable environment for credit delivery and its utilization. They also emphasized that collaborative efforts between the banking sector and government agencies could significantly enhance economic prosperity in Odisha.

Vijayakumar (2012)¹⁴ evaluated the performance of State Bank of India and its associate banks through CAMEL model by considering the period from 1996-97 to 2009-10. The study found that Capital Adequacy ratio of State Bank of India and its associates was consistent during the period and observed that the dependence of debt

capital increased in case of State Bank of India, State Bank of Mysore and State Bank of Travancore respectively. Asset Quality ratios registered a declining trend indicating that there is need of improvement in the asset quality position of State Bank of India and its Associate banks. Moreover, the earning quality measured in terms of operating profit to average working funds and net profit to average assets showed that associate banks outperformed State Bank of India. Also, liquidity ratios reported better liquidity position of State Bank of India and its associate banks. It is concluded that State Bank of India was better than its associates.

Abhay Kumar Kapre and Anil Kumar Soni (2013)¹⁵ conducted a study entitled A Comparative Study of Regional Rural Banks in Chhattisgarh State. The study attempted to make a comparative analysis on the financial performance of RRBs in Chhattisgarh. The study is based on secondary data collected from the annual reports of NABARD, RBI and RRBs. The study employed an analytical research design focusing on key performance Indicators such as geographical coverage, deposits, loans, and productivity. The study concluded that CGB is the largest bank of Chhattisgarh in terms of district coverage and branch networking but the productivity of CGB is low in comparison to other banks i.e. Dena Rajasthan Gramin Bank (DRGB) and the Surguja Kshetriya Gramin Bank (SKGB).

Kanika, Nancy (2013)¹⁶ in their study on the financial performance of Regional Rural Banks (RRBs) in India, emphasized that the rapid expansion of RRBs has been instrumental in reducing regional imbalances in access to banking services. Their efforts in expanding branch networks, mobilizing deposits, promoting rural development, and extending credit to vulnerable rural groups were found to be particularly noteworthy. The study observed that RRBs have largely fulfilled their mandate by bringing banking services to the doorsteps of rural households—especially those in previously unbanked areas providing affordable credit to rural poor who otherwise relied on private moneylenders, encouraging rural savings for productive use, creating employment opportunities, and lowering the cost of credit delivery in rural regions. However, the researchers also pointed out concerns related to rising Non-Performing Assets (NPAs) and recovery challenges, which made it important to examine the financial health of these institutions. Based on descriptive analysis using RBI and NABARD data for 2006–2012, the study concluded that the

amalgamation of RRBs had significantly improved their overall financial performance.

Soni and Kapre (2013)¹⁷ conducted a study to evaluate the financial performance of Regional Rural Banks (RRBs) in India for the period 2006–07 to 2010–11. Using key performance indicators such as the number of branches, deposits, loans, investments, and growth rate index, the study revealed that RRBs played a significant role as vital institutions for credit delivery in rural areas. However, their commercial sustainability was brought into question due to limited operational flexibility, smaller loan sizes, and the high-risk nature of their lending activities. The authors recommended that RRBs enhance transparency in their functioning and focus on providing faster, more reliable and high-quality banking services to strengthen their overall performance.

Akshatha and Vimala (2014)¹⁸ examined the performance of Pragathi Gramina Bank for the period 2008–09 to 2012–13 using secondary data. Their analysis showed that the bank faced a shortage of deposits, which constrained its ability to extend adequate credit for agricultural development. They also found that lending under key schemes such as Kisan Credit Cards, Drip and Minor Irrigation, Pump Sets, Dairy Loans, and Agricultural Vehicle Loans was insufficient, while the loan recovery process remained weak. The study recommended that the bank should increase lending for core agricultural activities enhance deposit mobilization, adopt effective promotional strategies, strengthen recovery measures, educate farmers about modern technologies, and consider a modest increase in interest rates.

Ahmed, J (2014)¹⁹ evaluated the productivity of Meghalaya Rural Bank (MRB) by analysing indicators such as labour productivity, branch productivity, return on assets (ROA), return on investments (ROI), and profits relative to business volume. The study found that MRB was efficiently using the resources it mobilized, although significant fluctuations in productivity were detected, which could potentially affect profitability. It also noted that unpredictable client behaviour contributed to the decline in productivity.

Ahmed, Mudasir (2014) assessed the performance of three RRBs in Jammu and Kashmir based on parameters like deposit mobilization, credit disbursement, credit–deposit ratio, and productivity per employee and per branch. The study concluded

that all three banks made meaningful contributions to rural development, with Jammu Rural Bank emerging as the top performer. It further suggested that merging RRBs could enhance their efficiency and profitability.

Jariwala and Noronha (2014)²¹ conducted a comparative analysis of RRBs before and after amalgamation, focusing on indicators such as capital structure, deposits, investments, sector-wise lending, priority sector advances, NPAs, and net worth. Using a t-test, they observed significant improvements in capital funds, deposit levels, and priority sector lending in the post-amalgamation period. Both Gross and Net NPAs declined, and net worth increased due to the consistent reduction in accumulated losses.

Mohindra (2014)²² explored the impact of banking sector reforms on the productivity and efficiency of RRBs using ratio analysis. The findings revealed that RRBs recorded losses during the early phase of first-generation reforms (1991–92) but transitioned to profitability during the second-generation reforms beginning in 1996–97. The study concluded that these reforms provided a strong foundation for RRBs to advance rural development and financial inclusion goals.

Sabitha Devi N (2014)²³ in her article title “Problems and Prospects of Regional Rural Banks” outlined key objectives for RRBs, which include promoting banking habits in rural communities, mobilizing savings for local economic development, and providing credit to various cooperative and agricultural societies. The author concluded that to enhance their effectiveness and tap into the potential of the rural market, RRBs need to foster better coordination with other financial institutions like cooperative and commercial banks, as well as with local participants.

Amarendra Talukdar (2015)²⁴ examined the Role of Assam Gramin Vikash Bank in changing the economic conditions of farmers in Nalbari District. The study noted that Nalbari district is served by 18 branches of Assam Gramin Vikash Bank (AGVB), the only restructured Regional Rural Bank in the entire North Eastern Region. AGVB was formed on 12 January 2006 through the amalgamation of Pragiyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Cachar Gramin Bank, and Subansiri Gaonlia Bank under Section 23(A) of the RRB Act, 1976. Using data collected from 200 farmers through a structured questionnaire, the study found that

most borrowers experienced a noticeable improvement in their economic conditions and gained access to essential basic facilities after receiving loans from AGVB.

Hitesh Vaswani (2015)²⁵ in his paper *Role of Cooperative Banks and RRBs*, stressed that achieving and sustaining a national growth rate of 7–8 percent requires meaningful financial inclusion for lower-income groups in both rural and urban areas. He argued that Cooperative Banks and RRBs, originally established to serve economically weaker sections, play a crucial role in this effort. The paper assessed the current status of these institutions as key drivers of financial inclusion and highlighted the need for substantial transformation. It concluded that these banks must fully utilize available resources and adopt modern technology, alongside strong corporate governance, to effectively advance financial inclusion.

Fanai and Singh (2015)²⁶ evaluated the financial performance of Mizoram Rural Bank from 2002 to 2014, using profitability as an indicator of operational efficiency. Through ratio analysis of secondary data, the study found that the operational efficiency of the bank had been improving consistently year after year. However, it also emphasized that the bank still needed to make significant progress to fully achieve its long-term objectives.

Piyush Thakur and Aditya Guta (2015)²⁷ in their article titled “Regional Rural Banks - A Way to become a developed Economy” identified the loss making regions in the working of RRBs and highlighted the causes of loss in these regions. They have concluded that RRBs should strengthen their outreach by collaborating with Self-Help Groups (SHGs) and Cooperative Societies to ensure financial services reach remote areas and help formalize the unorganized sector.

Baligatti, Y.G. Shilpa Danappanavar (2016)²⁸ conducted a performance evaluation of Karnataka Vikas Grameena Bank (KVGB) with a focus on priority sector lending in Karnataka. By analyzing loan disbursement across key priority areas agriculture, allied activities, small-scale industries, and trade or services—the study found that KVGB devoted a major share of its credit to the agricultural sector, underscoring its strong contribution to agricultural development.

Dhanraj, N, R and Sai Kumar (2016)²⁹ in their article *A Review on Regional Rural Banks of India: Performance Analysis with respect to Telangana State*, examined the reforms and mergers undertaken between 1994–95 and 2005–06 by the Government

of India in collaboration with RBI and NABARD. Their analysis revealed that these measures yielded positive outcomes across several performance indicators, including the number of banks and branches, capital structure, deposits, loans, and investment trends. The study concluded, based on secondary data, that the amalgamation of RRBs initiated in 2005–06 significantly improved their overall performance.

Taral Patel and Nisarg Shah (2016)³⁰ in their article A Study on Performance Evaluation of RRBs of India, assessed the financial performance of RRBs with particular focus on profitability, priority sector lending, and non-priority sector activities. By comparing pre- and post-amalgamation periods using indicators such as the spread ratio, burden ratio, and profitability ratio, they concluded that consolidation had a measurable impact on the financial health of RRBs.

Jayaprakash, K and S. V. Subba Reddy (2016)³¹ studied the performance of Andhra Pragathi Grameena Bank from 2012–13 to 2015–16. They highlighted persistent challenges faced by many RRBs, including overdue loans, weak recovery mechanisms, and rising NPAs, making performance assessment essential. Using secondary data from annual reports of the bank, NABARD, and RBI, and analyzing key performance indicators such as branch expansion, deposits, loans, investments, and growth indices, they found that the bank's overall performance showed substantial improvement during the study period.

Prasad and Bhavani (2016)³² examined the growth and performance of Telangana Grameena Bank from 2004–05 to 2013–14 using parameters such as deposits, advances, priority sector lending, profitability, and NPAs, along with statistical tools like percentages and CAGR. Their findings indicated that the bank successfully expanded its branch network across rural Telangana and performed well in terms of deposit mobilization, credit deployment, priority sector lending, profitability, and NPA management. They recommended further expansion of branches, installation of ATMs, enhancement of e-banking services, and increased financial literacy initiatives in rural areas.

Mukesh B. Tagariya and Pritesh C. Panchal (2016)³³ in their conceptual study on the role of RRBs in India for the period 2007–2015, emphasized the positive contributions of RRBs in branch expansion, deposit mobilization, and providing credit to weaker rural segments. They highlighted the extensive branch network of

RRBs and recommended that these banks focus on faster, higher-quality, and more secure banking services to strengthen customer satisfaction.

Sheeran Sharif Khan and Abdul Aziz Ansari (2016)³⁴ explored the trends of Non-Performing Assets in RRBs during the post-transformation period from 2010 to 2015. Their study argued that rising NPAs severely affect the performance and profitability of RRBs. They noted that the Government of India's efforts to curb NPAs—particularly through the amalgamation of RRBs—proved effective, as their analysis showed a significant reduction in NPA levels following consolidation.

Mrs. Geetha R.S (2016)³⁵ stated that performance of Pragati Krishna Grameen bank in Shivamogga district branches has significantly improved over time, as steps for their improvement were initiated by the government of India after the amalgamation process. The study aimed to assess the financial performance and growth of the bank while providing suggestions for operational improvement. Although RRBs have often struggled to achieve high profitability, the paper acknowledged their remarkable overall growth and concluded that Pragati Krishna Grameen Bank has been largely successful in fulfilling its objectives. She suggested that the government should continue providing necessary support to enhance the bank's viability and effectiveness in meeting rural credit needs.

Venkatalakshmi & M.Chandraiah (2016)³⁶ in this research study, the researcher reveals that the capital structure of RRBs in India over the study period from 2005 to 2015. The study revealed that the financial strength of RRBs improved steadily over the years, indicating a gradual decline in capital risk. It also provided insights into the regional and state-wise distribution of RRBs across India during the study period. The findings showed that, in comparison, the number of RRBs in the north-eastern and western regions remained consistent throughout the entire period. The primary objectives of the study were to review the capital structure of RRBs in India, analyze their regional and state-wise distribution, assess deposits and outstanding loans, and evaluate the performance of Self-Help Group (SHG) linkages. The study concluded that the strengthening of the capital structure significantly contributed to enhancing the overall stability of RRBs, expanding their branch network, and promoting rural financial inclusion through SHG linkages.

Pardeep and Sakshi (2017)³⁷ in their CAMEL Model analysis of Sarva Haryana Gramin Bank, emphasized that Regional Rural Banks play a crucial role in extending credit to vulnerable groups and rural entrepreneurs. Haryana has only one RRB—Sarva Haryana Gramin Bank—and the study evaluated its performance over a nine-year period from 2005 to 2014 using the CAMEL framework, which assesses Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, and Liquidity. The findings indicated that the bank ranked highest in capital adequacy, followed by management efficiency, reflecting strong financial stability and sound operational practices.

Ravinder Meerwal (2017)³⁸ in his study titled “Non-Performing Assets – A Study of Selected Rural Banks in India,” examined the status of NPAs across RRBs using secondary data. While RRBs remain a cornerstone of rural credit delivery, their commercial viability is often constrained by limited operational flexibility, small loan sizes, and high credit risk. The study highlighted the need for greater transparency in banking operations to strengthen banker–customer relationships. Meerwal recommended that bank staff engage more proactively with borrowers and suggested expanding branch networks to underserved regions. He stressed that, in a competitive environment, RRBs must focus on faster, more secure, and high-quality banking services to retain existing clients and attract new ones.

Syed Mahammed Ghouse and Narayana Reddy (2017)³⁹ analyzed the financial performance of RRBs in India as of 31 March 2017 using key indicators such as branch network, deposits, advances, investments, and growth indices. Drawing from NABARD and RBI annual reports, the study found uneven growth trends, particularly in economically backward regions like the North-East. The authors noted that RRBs struggled to sustain deposit growth and recommended raising the Credit–Deposit ratio to levels comparable with commercial banks.

Shibu Das and Ayekpam Ibemcha Chanu (2017)⁴⁰ conducted an empirical assessment of RRB efficiency in India for the years 2014–2015 and 2015–2016. Using Data Envelopment Analysis under a Constant Return to Scale model, along with Tobit regression to identify sources of inefficiency, the study revealed significant variations in efficiency scores across banks. Interestingly, factors such as bank size, off-balance-sheet exposure, and sponsor bank affiliation did not significantly influence

efficiency levels. The authors suggested that less efficient RRBs should redesign their financial, managerial, and cost structures to improve their overall operational effectiveness.

Anooja and Ramakrishnan (2017)⁴¹ stated that Regional Rural Banks (RRBS) are acting as local level Banking organizations and they are created with a view to serve primarily the rural areas of India with basic Banking and financial services. They studied the financial results of Kerala Gramin Bank from 2013 to 2016 is considered. CAMEL ratios have been applied to assess the performance. The results revealed that capital adequacy and asset quality performances are excellent in the KGB. The ratios related to managerial efficiency also shows satisfactory results. KGB needs improvement in their earning capacity and liquidity position

Ghouse (2017)⁴², emphasized that the regional rural banks are the key financing institutions at the rural level which have taken the responsibilities of fulfilling credit needs of many types of agriculture credit in rural areas. However, many of these banks are grappling with serious challenges such as loan overdues, poor recovery rates, and rising non-performing assets (NPAs). So, there is a need to study the financial performance of Regional rural Banks in India. Based on this background, he has analysed the present level of financial performance of RRBs in India as on 31st March 2017 using secondary data collected from annual reports of NABARD and RBI.

Govinda Prasad Bhandari (2017)⁴³ conducted a comparative study on Regional Rural Banks in India, focusing on the Assam Gramin Vikas Bank (AGVB) and the Meghalaya Rural Bank (MRB). Operating in the neighbouring states of Assam and Meghalaya, both banks function under similar objectives and regulatory guidelines. The study analysed data from 2007 to 2016 using indicators such as branch expansion, employee strength, and per-branch and per-employee income and expenditure. The comparative assessment provided insights into the operational strengths and weaknesses of both institutions.

Singh and Agarwal (2017)⁴⁴ evaluated the impact of amalgamation by comparing the post-reorganization financial performance of selected standalone and merged RRBs. Using the CAMELS Model to assess financial soundness, their study revealed that merely merging banks does not automatically ensure improved financial

performance. Instead, consolidation must be supported by well-designed strategies to enhance long-term sustainability and efficiency.

Balamuniswamy (2018)⁴⁵ examined the agricultural credit structure of RRBs with specific reference to Andhra Pragathi Grameena Bank (APGB). The study highlighted APGB's substantial contribution to rural development through its lending activities, noting that a larger share of credit flowed to the agricultural sector. However, recovery performance in agriculture was found to be unsatisfactory compared to non-agricultural lending. The study recommended expanding branch networks in rural areas to strengthen financial access for farmers.

Kumar (2018)⁴⁶ analysed the profitability of RRBs in Bihar before and after their amalgamation. The findings demonstrated that structural consolidation brought significant opportunities, enabling RRBs in Bihar to expand their business volume, strengthen their outreach, and improve financial stability. The study concluded that merging weaker, loss-making banks helped create a more resilient and profitable rural banking environment.

Rosi Pranitha, A and C. Sneha (2018)⁴⁷ assessed the performance of Andhra Pragathi Grameena Bank over the five-year period from 2013 to 2017. Their evaluation of key indicators—branch network, deposits, advances, priority sector lending, profitability, and NPAs—showed consistent growth in deposits, investments, and advances. The bank also maintained a strong net worth and effectively reduced its NPAs, reflecting improved operational efficiency.

Kumar Satish, Goyal and etl.(2018)⁴⁸ undertook a broader analysis of the financial performance of RRBs across India using secondary data. The study observed significant improvements in the functioning of RRBs since their establishment, attributing much of this progress to reform measures initiated by the Government of India. In particular, the amalgamation process played a critical role in strengthening the structural and financial foundation of RRBs, contributing to their overall growth and stability.

Jitendra Kumar V.P. and Malik D.P., (2019)⁴⁹ in their article titled “Growth and Performance of RRBs in India” examined the growth and performance of RRBs in India. They concluded that although the number of RRBs has declined due to mergers, their operational coverage has expanded, with an increasing number of

districts coming under their network each year. The study also assessed their financial soundness using parameters such as the investment-to-credit ratio, cash-to-deposit ratio, investment-to-deposit ratio, and profitability ratio, finding steady improvement in efficiency and performance over time.

Dr. Sujit Das, (2020)⁵⁰ in his research article “Managerial Prerequisites of Regional Rural Banks in India to Identify and Utilize Different Influential Inputs by Pursuing the Best Practiced Resource Regenerating Process” examined how managerial efficiency, productivity, and cost-effectiveness influence profitability and overall performance in RRBs. The study emphasized that RRBs’ success depends on strategic decision-making and the ability to optimize key inputs such as non-performing assets (NPAs), operating costs, and interest expenses. Using published data from various RRBs across India, Dr. Das employed an efficiency score model to identify which factors most significantly impacted outcomes like net profit, branch expansion, and total business volume, concluding that effective resource management is central to improving bank performance.

Garg Dr. Rashmi (2021)⁵¹, in this paper, it’s focussed on the impact of regional rural banks (RRBs) on financial inclusion in India's rural banking context highlighted the vital role these banks play in extending financial services to underprivileged rural communities, addressing gaps left by commercial banks. Through an in-depth analysis of RRB data on outreach, lending patterns, and government program efficiency, the study found that while RRBs have contributed notably to financial inclusion, they continue to face challenges such as technological limitations, inadequate infrastructure, and operational inefficiencies. The study recommended greater policy support, technological modernization, and capacity building to help RRBs reach their full potential in promoting inclusive growth.

Barot, Mr & Japee, Gurudutta. (2021)⁵². in their paper “Indian Rural Banking – Role of Regional Rural Banks”, observed that rural India has experienced a noticeable rise in consumer purchasing power, along with an increased aspiration for a better standard of living. To support and sustain this transformation, the authors emphasized the need for improvements in several areas such as employability, literacy, irrigation facilities, infrastructure, modern technologies, and basic telecommunications. Above all, they stressed the importance of an efficient and

responsive financial system. The study highlighted that both RRB management and their sponsor banks must undertake corrective measures to enhance the credit–deposit (C–D) ratio. Reducing the gap between the C–D ratios of commercial banks and RRBs is crucial, as narrowing this disparity would enable rural India to fully benefit from credit policies and development initiatives.

NABARD (2023)⁵³ in its report “Key Statistics & Financial Statements of Regional Rural Banks,” assessed the performance of RRBs and noted that the Government of India’s recapitalization initiative—supported by a structured implementation strategy—has significantly strengthened these institutions. The recapitalization programme focused on credit expansion, business diversification, improvement in asset quality, operational cost rationalization, technological advancement, and enhanced governance frameworks. As a result, RRBs have recorded remarkable improvements, achieving historic highs in several performance parameters. The report also pointed out that technology adoption has accelerated, with many RRBs increasingly offering digital banking services. Furthermore, RRBs are playing a growing role in advancing financial inclusion by actively participating in the implementation of major government schemes aimed at uplifting and empowering rural communities.

Yadav, Amar and Singh (2023)⁵⁴ A Study of Regional Rural Banks: The Conundrum of Managing Inclusion with Sustainability examined the performance of RRBs in the current banking landscape and reviewed the three phases of the development of RRBs in India. He observed that there is a structural change in the portfolio of RRBs over a period of time spanning three phases of development. He also states that RRBs have done a lot to help people who are poor or don't have access to banking services by offering them to people who are poor or don't have access to banking services. RRBs are still the most important banks in their area of work. Despite their good performance in the service area, the study also outlined some of the constraints faced by RRBs. For example, the low credit potential area assigned to some of the RRBs is the major constraint in the survivability of such banks.

Ahmad, Waquar (2025)⁵⁵ in his paper Regional Rural Banks at Crossroad – Priority Vs. Profitability identified that RRBs are positioned at a critical crossroad, influenced by the persistent conflict between their social mandate and the necessity

for financial profitability. In the first phase (1975–1990), RRBs did a good job of including rural people in the financial system, but also hurt their potential to make money. The ensuing changes, while enabling a significant financial recovery and converting extensive losses into considerable profits, have also caused RRBs to stray from their fundamental ideals.

Thus, it should be noted that the main goal of establishing Regional Rural Bank in India is to provide credit to rural people who are not economically strong. However rural sector banks need to encourage the agricultural sector by providing sufficient amount of term loans. A healthy rural financing must also be developed in order to meet the needs of agriculture infrastructure and the rural poor. The government should not ignore the objectives of financial intermediation and should also take additional needful support to rural banks in order to make them more viable and successful in meeting the needs of rural credit. Opening of new banks in the low density region will significantly exhibit higher productivity growth and efficiency.

1.6 OBJECTIVES OF THE STUDY

The study aimed to concentrate on the following objectives:

1. To review the existing scenario of Assam Gramin Vikash Bank.
2. To examine the organisational and management pattern and source of finance of Assam Gramin Vikash Bank.
3. To analyse the Credit Deposit growth of Assam Gramin Vikash Bank.
4. To study the profitability and capital adequacy of Assam Gramin Vikash Bank.
5. To examine the Challenges and Prospects of Assam Gramin Vikash Bank.

1.7 HYPOTHESIS OF THE STUDY

To examine the aforesaid objectives, the Study set the following Hypothesis –

1. The overall growth and performance of the Assam Gramin Vikash Bank is not satisfactory.
2. Non-Performing Assets of Assam Gramin Vikash Bank affects the profitability and liquidity of the Bank.

1.8 RESEARCH METHODOLOGY

The method of the Study is Empirical in nature and to achieve the set objectives, the data have been collected from primary and secondary source.

Research Design

The proposed study attempts to examine the Growth and Performance of Assam Gramin Vikash Bank. The study uses both primary and secondary data. The macro level analysis is mainly based on the secondary data collected from various sources such as Annual Reports of Assam Gramin Vikash Bank, Bulletin of RRB, NABARD, RBI, Journal and periodical of banks, Lead Bank publication, Government of India, Handbook of Statistics on Indian states (RBI), government reports, journals, books and newspapers, etc. The micro-level analysis is based on primary data gathered through field visits, personal interviews, and the distributing of semi-structured questionnaires to selected respondents. The sample of this research work comprises of 100 employees which is 5% of the total employee population of 1651 employees of RRBs in Assam, from all divisions of the state selected randomly.

- i. To measure the trend in the deposits, credit, Annual Average Growth Rate (AAGR) has been used to study. The Annual Average Growth Rate is the annual percentage change of the variable taken into consideration. It is described as

$$AAGR = [(EV - BV) / BV] \times 100 / N$$

Where, EV=Ending value

BV= Beginning value

N= Number of years of observation.

- ii. Further, Compound Annual Growth Rates (CAGR) have also been estimated for deposits, credit, loans and advances, NPA, profit and loss in the form:

$$Y = e^{a+bt}$$

Where,

Y= Deposits/ Credit/ NPA

By taking logarithms of both sides of the equation, it takes the following form:

$$\text{Log } y = a + bt$$

Where,

Y= Deposits/ Credit/ NPA

a = Constant

b= Growth

t= Time

iii. Mean/ average value is calculated by using the following equation:

$$\bar{x} = \frac{1}{n} \sum_{i=1}^n x_i$$

Where,

$\bar{X}$ = Average

$\sum X_i$ = Sum of all observation

N = Total number of observations

iv. Standard Deviation: It is denoted by the small Greek letter 'σ' (sigma). It is a measure of the dispersion of data in relation to the mean. A lower/smaller standard deviation indicates a greater degree of uniformity of the observation, and a higher/larger standard deviation indicates data are more spread out.

$$S = \sqrt{\frac{\sum (x_i - \bar{x})^2}{n - 1}}$$

where:

x_i = Value of the i^{th} point in the data set

$\bar{x}$ = The mean value of the data set

n = The number of data points in the data set

v. To measure the variability, Co-efficient of Variation (CV) has been estimated for different periods using the formula:

$$CV = \text{Standard Deviation} / \text{Mean}$$

Where,

N= Total Number of Observation

X_i = Deposits/ Credits/NPA

$\bar{X}$ = Mean of the distribution

vi. Regression captures the correlation between variables observed in a data set and quantifies whether those correlations are statistically significant. The formula for simple linear regression:

$$Y = a + bX + u$$

where:

Y=The dependent variable you are trying to predictor explain

X=The explanatory (independent) variable(s) you are using to predict or associate with Y

a= The y-intercept

b= (beta coefficient) is the slope of the explanatory variable(s)

u= The regression residual or error term

vii. To measure the overall performance of the bank CAMEL model has been used by taking various ratios. These indicators have been mentioned in the following manner.

CAPITAL ADEQUACY

Capital Adequacy indicates the bank's financial strength and its ability to absorb potential losses, measured as the proportion of capital to risk-weighted assets. The various ratios calculated under Capital Adequacy are:

Parameters	Ratios
Capital Adequacy	Capital Adequacy ratio
	Debt Equity Ratio
	Net Advances to total assets ratio
	Government Securities to Total Investment ratio

ASSET QUALITY

Asset Quality reflects the quality of the bank's loans and advances, highlighting the level of non-performing assets and credit risk, with poor asset quality signalling higher chances of loan defaults. The various ratios calculated under Asset quality are:

Parameters	Ratios
Asset Quality	Net NPAs to Total Assets (NNPAs/TA):
	Net NPAs to Net Advances
	Total Investments to Total Assets

MANAGEMENT EFFICIENCY

Management Efficiency assesses how effectively the bank's management utilizes resources, makes decisions, and handles operational risks, ensuring smooth and optimal performance.

Parameters	Ratios
Management Efficiency	Total Advances to Total Deposits
	Business per Employee
	Profit per Employee (PPE)

EARNING EFFICIENCY

Earnings measure profitability, evaluating income sources, cost control, and returns, which indicate the bank's capacity to sustain operations and expand capital. The various ratios calculated under Earnings are:

Parameters	Ratios
Earnings Efficiency	Operating profit to Average Working
	Spread to Total Assets
	Net profit to Assets
	Net NPAs to Net Advances
	Total Investments to Total Assets

LIQUIDITY RATIO

Liquidity examines the bank's ability to meet short-term obligations and fund withdrawals, emphasizing the availability of cash and liquid assets to manage sudden financial shocks. The various ratios calculated under liquidity are:

Parameters	Ratios
Liquidity ratio	Liquid Assets to Total Assets
	G-Sec to Total Assets
	Liquid Assets to Demand Deposits
	Liquid Assets to Total Deposits

1.9 PERIODICITY OF THE STUDY

For primary data, the study relates to financial year of 2021-22 and for secondary data the study covers a period of 10 years from 2011-12 to 2020-21. Though the period of the study covered till 2020-21, an attempt was also made to cover up all up to date data in the study.

1.10 CHAPTERISATION OF THE STUDY

The study has been organised in the following chapters.

Chapter 1: Introduction

Chapter 2: Existing Scenario of the Assam Gramin Vikash Bank: Organisation & Management Pattern and Source of Finance of Assam Gramin Vikash Bank

Chapter 3: Growth and Performance Evaluation of Assam Gramin Vikash Bank in terms of Credit Deposit , Composition of Bank deposits and Credits, CD Ratio as well as Profitability

Chapter 4: Analysis of Capital Adequacy Ratio of Assam Gramin Vikash Bank

Chapter 5: Challenges and Prospects of Assam Gramin Vikash Bank

Chapter 6: Conclusion

1.11 LIMITATIONS OF THE STUDY

Although the study has been conducted with due diligence, it is not without limitations, and there remains scope for further research in this field. Efforts were made to ensure that the primary data collected from respondents was as accurate and unbiased as possible; however, the possibility of minor errors cannot be entirely eliminated. The secondary data used for analysing year-wise trends in deposits, credit, NPAs, profits, and CRAR is largely drawn from reliable sources such as the Annual Reports of AGVB, NABARD publications, RBI bulletins, and the Assam Statistical Handbook. Every possible measure has been taken to verify that the collected data aligns with the actual records available from the concerned departments of the Government of Assam. This careful approach aims not only to provide reliable insights for policymakers but also to create awareness among customers regarding the financial resources available to them for the advancement of the banking sector in the state. However, the study is restricted to the banking sector and does not extend to other allied sectors.

Thus, the growth of Regional Rural Banks (RRBs) plays a crucial role in fostering rural development and strengthening the overall economy of a state. These banks act as a vital link between urban and rural areas by offering affordable credit

and essential banking services to farmers, small entrepreneurs, and weaker sections of society. By extending financial facilities such as credit, savings, and insurance, it helps to improve living standards in rural regions and contribute significantly to the nation's economic progress. In a country like India, where a large portion of the population still relies on agriculture and allied activities for livelihood, the steady expansion of RRBs is not only an economic necessity but also a social priority. They promote self-employment, encourage small-scale industries, and develop savings and investments habits among rural households. By promoting inclusive development and reducing income inequality, it helps to create more balanced and sustainable growth across the regions. Therefore, RRBs stands as strong pillars of rural transformation that helps to convert the rural economy into a vibrant and inclusive part of national development. With continued innovation, digital expansion, and supportive government policies, it can further strengthen their outreach and impact in rural areas. Thus, these banks emerge as a vital force in building a self-reliant, progressive, and inclusive rural India.

* * * * *

References

1. J. K. Gogoi and Goswami. H, 2009 “*Problems of Border Areas in North East India*” implications for the Thirteenth Finance Commission. Department Of Economics Dibrugarh University
<https://fincomindia.nic.in/asset/doc/commission-reports/13th-FC/reports/report14.pdf>
2. Akha Khou, Dr. L. Mothilal, 2018 Challenges Of Agricultural Production And Marketing In Northeast, India, Journal of Management (JOM) Volume 5, Issue 4, July, pp. 520-524, Article ID: JOM_05_04_055
https://www.researchgate.net/publication/334274441_Challenges_of_Agricultural_Production_and_Marketing_in_Northeast_India
3. Sarma, Chayanika, 2020, Commercial banking in Northeast India, mani manik prakash publication, page 3,4.
4. <https://assam.gov.in/about-us/396>
5. https://www.rbi.org.in/commonman/Upload/English/Content/PDFs/English_16042021.pdf
6. <https://www.nabard.org/auth/writereaddata/WhatsNew/0109235107final-key-statistics-of-rrbs-2022-23.pdf>
7. <https://financialservices.gov.in/beta/sites/default/files/2025-05/Review-Performance-of-RRBs-during-FY-2023-24.pdf> (Department of Financial Services)
8. Goswami, Naba Kumar, : Structural re organisation of rural banking system in Assam a critical review, 2010, Gauhati University, <http://hdl.handle.net/10603/67146>
9. Satish, P (2010). Repositioning RRBs as the Main Arm of the Agricultural Credit System in India. Paper presented at the 12th Conference on Money and Finance in the Indian Economy held on 11-12 March at Indira Gandhi Institute of Development Research, Mumbai.
10. Kumar, R., & Sharma, M. (2011). Rural banking in Himachal Pradesh: A comparative study of Himachal Gramin Bank and Parvatiya Gramin Bank. Political Economy Journal of India.
11. Reddy, D. M., & Prasad, K. V. N. (2011). Evaluating performance of regional rural banks: An application of CAMEL model. Researchers World, 2(4), 61.

12. Kumar Soni and Abhay Kapre (2012), Performance Evaluation Of Regional Rural Banks in India, National monthly refereed journal of research in commerce & management volume 1, issue 11. ISSN 2277-1166.
13. Subudhi, R. N. & Ram, J. (2012). "Operational Efficiency of RRBs & other Commercial Banks of Odisha" in *Arabian Journal of Business and Management Review (Nigerian Chapter)*, Vol. 1, No. 1, 2012, pp. 64-
14. Vijayakumar (2012) Vijayakumar, A. (2012). Evaluating Performance of Banks through CAMEL Model – A Case Study of State Bank of India and Its Associates. Online International Interdisciplinary Research Journal (Bi-Monthly), Volume II, Issue VI (Nov-Dec 2012), ISSN 2249-9598.
15. Abhay Kumar Kapre and Anil Kumar Soni (2013). A Comparative Study of Regional Rural Banks in Chhattisgarh State. International Journal of Economics, Commerce and Research (IJECR). 3(1), 79-86
16. Kanika, Nancy (2013) Financial Performance Evaluation of RRBs in India. International Journal of Management & Information Technology. 4(2), 237-247.
17. Soni, A.K. and Kapre, A. (2013), "A Study on Current Status of Regional Rural Banks in India", ABHINAV, Volume 2, www.abhinavjournal.com
18. Akshatha and Vimala (2014) Pati,A , "operational efficiency of RRBs in NE india (2002) A ugc PROJECT REPRT SUBMITTED TO Arunachal University, Itanagar, p 23
19. Ahmed, J.U. (2014), "Productivity Analysis of Rural Banks in India: A Case of Meghalaya Rural Bank", The NEHU Journal, Vol. XII, No. 1, JanuaryJune pp. 53-76
20. Ahmad, Mudasir (2014), "Performance of Regional Rural Banks: A Comparative Position of Regional Rural Banks in Jammu and Kashmir", International Journal of Research in Management, Economics and Commerce, Vol.4, Issue: 7, July, www.indusedu.org
21. Jariwala, M. M. and Noronha, M. R. (2014), "Performance of RRBs Before and After Amalgamation", Journal of Research in Humanities and Social Sciences, Vol. 2, Issue: 5, June, www.raijmr.com
22. Mohindra, V. (2014), "Performance Review of Regional Rural Banks in India Using Ratio Analysis", International Journal of Economics, Commerce and Management, United Kingdom, Vol. II, No. 6, <http://ijecm.co.uk/>

23. Sabitha Devi, N. (2014), Problems and Prospects of Regional Rural Banks in India. *International Journal of Managerial Studies and Research (IJMSR)*, 2(3), 69-72.
24. Amarendra Talukdar (2015). Role of Assam Gramin Vikash Bank in changing the economic condition of the farmers in the Nalbari District. *International Journal of Humanities and Social Science*. IV(II), 45-50.
25. Hitesh Vaswani (2015). Role of Co-operative Banks and RRBs. *Tactful Management Research Journal*. 66-70. Retrieved from <http://oldtm.lbp.world/SeminarPdf/127.pdf>
26. Fanai, L. and Singh, B. (2015), "Efficiency of Mizoram Rural Bank: A Test of Financial Strength", *International Journal of Management and Social Science Research Review*, Vol. I, Issue: II, May
27. Thakur, P. & Gupta, A. (2015). "Regional Rural Banks: A Way to Become a Developed Economy". In: *Proceedings of the International Symposium on Emerging Trends in Social Science Research (IS15 Chennai Symposium, 3-5 April 2015)*, Paper ID: C519. ISBN 978-1-941505-23-6.
28. Baligatti, Y.G. and Shilpa Danappanavar (2016). Performance Evaluation of Karnataka Vikas Grameena Bank towards Priority Sector Lending in Karnataka. *IRA-International Journal of Management & Social Sciences*. 4(2), 303-313.
29. Dhanraj, N, R and Sai kumar (2016b). A Review on Regional Rural Banks of India: Performance Analysis with Respect to Telangana State. *Anveshana's International Research Journal in iii Regional Studies, Law, Social Sciences, Journalism and Management*. 1(4).
30. Taral Patel and Nisarg Shah (2016). A Study on Performance Evaluation of RRBs of India. *Pezzottaite Jounals*. 5(2), 128-134.
31. Jayaprakash, K and S.V.Subba Reddy (2016). Performance Evaluation of Andhra Pragathi Grameena Bank. *International Journal of Innovative Research and Advanced Studies*. 3(13), 383-389.
32. Prasad, E. Hari & Bhavani, G. V. (2016). "Growth and Performance of Telangana Grameena Bank". *Pacific Business Review International*, 8(10), April 2016, pp. 71-77

33. Mukesh B.Tagariya and Pritesh C. Panchal (2016). A conceptual study on the role of Regional Rural Banks in India. *International Journal for Innovative Research in Multi-disciplinary Field*. 2(7), 77- 81.
34. Sheeran Sharif Khan and Abdul Aziz Ansari (2016). Trends of Nonperforming Assets in Regional Rural Bank in India. *EPRA International Journal of Economic and Business Review*. 4(7), 60-64
35. Geetha, R.S. (2016), "Performance Evaluation of Regional Rural Banks with Reference to Krishna Pragathi Gramin Bank, Shimogga District", *IOSR Journal of Business and Management*, Vol. 18, Issue: I, Version: I, Jan., pp. 42-56, www.iosrjournals.org
36. Venkatalakshmi, V and Chandraiah,(2016). M. "Current Position of RRBs in India - A Review." *BIMS International Journal of Social Science Research*, vol. 1, no. 2, 2016, pp. 108-116.
37. Pardeep and Sakshi (2017). A Camel Model Analysis of Sarva Haryana Gramin Bank. *International Journal of Advance Research and Innovative Ideas in Education*. 3(4), 208-219
38. Ravinder Meerwal (2017). Non-Performing Assets - A Study of Selected Rural Banks in India. *Kaav International Journal of Economics, Commerce & Business Management*. 4(2), 11-17.
39. Syed Mahammed Ghouse and Narayana Reddy (2017). Indian Regional Rural Banks Growth and Performance. *National Conference on Marketing and Sustainable Development*, Hyderabad. October 13- 14. 601-610
40. Shibu Das and Ayekpam Ibemcha Chanu (2017). Measuring the Efficiency of Regional Rural Banks in India. *International Journal of Business and Administration Research Review*. 3(18), 57-66. Retrieved from <http://www.ijbarr.com/downloads/2907201711.pdf>.
41. Anooja, K. and Ramakrishnan, M.K. (2017). "An Analysis of Financial Performance of Regional Rural Banks with Special References to Kerala Gramin Banks", *International Journal of Financial Management*, Vol.6, Issue 5, Aug-Sep, pp.5-12
42. Ghouse, S. M., & Reddy, N. (2017, October). Indian Regional Rural Banks Growth and Performance. In *National Conference on Marketing and Sustainable Development October* (Vol. 13, p. 14).

43. Govinda Prasad Bhandari (2017). Regional Rural Banks in India: A Comparison of the Assam Gramin Vikas Bank and the Meghalaya Rural Bank. *Anusandhan-AISECT University Journal*. 6(12), 94-98
44. Singh, Anoopkumar and Agarwal, Ravi. (2017). "A Comparative Study on Standalone and Amalgamated Regional Rural Banks Using CAMELS Approach", *International Journal of Research in Humanities, Arts and Literature*, Vol.5, Issue 5, May, pp.61-72.
45. Balamuniswamy, D. (2018). Agricultural Credit by Regional Rural Banks: An Empirical Study of Andhra Pragathi Grameena Bank. *International Journal of Management and Commerce Innovations*, 5(2), 991-996. ISSN 2348-7585
46. Kumar, Akash. (2018). "Performance of Regional Rural Banks (RRBs) in Bihar: An Analytical Study", *Journal of Engineering Technologies and Innovative Research*, Vol.5, Issue 1, pp.756.762.
47. Pranitha, A.Rosi and Sneha, C. (2018). "Performance of Regional Rural Banks in India: A Study on Andhra Pragath Grameena Bank in Andhra Pradesh", *International Journal of Engineering Technology Science and Research*, Vol.5, Issue 3, pp.1463-1469.
48. Satish Kumar, Dr., Goyal, Vibhor and Sharma, Poonam. (2018). "Performance Evaluation of Regional Rural Banks in India", *International Journal of Management, IT and Engineering*, pp.202-230 <https://papers.ssrn.com>
49. Kumar, J., Metha, V. P., & Malik, D. P. (2019). Growth and performance of RRBs in India and Haryana. *Journal of Pharmacognosy and Phytochemistry*, 8(4), 1050-1055.
50. Das, S. Managerial Prerequisites Of Regional Rural Banks In India To Identify And Utilize Different Influential Inputs By Pursuing The Best Practiced Resource Regenerating Process. ISSN: 0474-9030 , Vol-68-Issue-1-January-2020
51. R. Garg 2021, "RRBs in India's Regional Rural Banking Scenario," *IJFANS International Journal of Food and Nutritional Sciences*, vol. 10, pp.
52. Barot, Mr & Japee, Gurudutta. (2021). Indian Rural Banking -Role of Regional Rural Banks. *Gap Gyan - A Global Journal Of Social Sciences*. 4. 56-59. 10.47968/gapgyan.42009.

53. <https://www.nabard.org/auth/writereaddata/WhatsNew/0109235107final-key-statistics-of-rrbs-2022-23.pdf>
54. Yadav, Amar and Singh (2023), A Study of Regional Rural Banks : The Conundrum of Managing Inclusion with Sustainability, Indian Journal of Finance, <https://doi.org/10.17010/ijf/2023/v17i1/172602>
55. Ahmad, Waquar, 2025 Regional Rural Banks At Crossroad – Priority Vs. Profitability, International Journal of Creative Research Thoughts, Volume 13, Issue 6 | ISSN: 2320-2882

CHAPTER: 2

EXISTING SCENARIO OF ASSAM GRAMIN VIKASH BANK

The growth and stability of the Indian economy largely depend on the progress of its rural sector, as a significant portion of the population continues to live in villages and engage in agriculture and related occupations. Rural development, therefore, has always been a key objective of India's economic planning, and the banking system plays a pivotal role in achieving this goal as it caters to the financial needs of activities related to agriculture, rural industries, and cottage industries that form the backbone of rural settings. These needs are diverse and complex, ranging from crop loans and farm equipment financing to working capital for small enterprises and self-help groups. In this context, rural banking has emerged as a crucial instrument for promoting financial inclusion, poverty alleviation, and balanced regional development. Before the establishment of Regional Rural Banks, most rural people depended on local moneylenders for credit. These moneylenders charged very high interest rates, which pushed farmers, artisans, and poor villagers into debt and financial distress. So, the introduction of Regional Rural Banks (RRBs) in the country in 1975 marked a significant shift, as they were specifically designed to address the credit requirements of backward and underserved areas where commercial banks and cooperatives had limited reach. These banks occupy a unique position in India's financial landscape, blending the efficiency of public sector banks with the grassroots focus of cooperative institutions. They are expected to play a supportive role in districts where the credit gap is wide and the cooperative banking structure is weak. By providing affordable and accessible credit, these banks empower farmers, artisans, and small entrepreneurs, fostering inclusive growth. Following this national initiative, RRBs were also set up in Assam to meet the growing credit needs of the rural population and to reduce dependence on private moneylenders. These banks work under a joint ownership of the Government of India, the State Government and the sponsoring bank and play an important role in providing banking services to rural people, promoting financial inclusion, and supporting overall rural development in the state. So, the establishment of RRBs in the state marked a major step toward rural financial empowerment. These banks not only provided timely and affordable credit to small and marginal farmers but also encouraged rural savings and investment in productive sectors. As a part of this initiative, five Regional Rural Banks were established in Assam to extend banking services across different regions of the state. They were.

- Pragjyotish Gaonlia Bank, 06-07-1976
- Cachar Gramin Bank, 31-03-1981
- Lakhimi Gaonlia Bank, 29-07-1980
- Subansiri Gaonlia Bank, 27-01-1982
- Langpi Dehangi Rural Bank, 30 - 03 -1982

All these banks played a vital role in supporting the development of underdeveloped rural sectors by extending financial services to marginal and small farmers, village artisans, small entrepreneurs, local traders, and rural industries. However, later on these banks were amalgamated primarily to address several challenges they faced individually, such as financial weaknesses, limited geographical reach, and inefficiencies in operations. The Central government as well as Reserve Bank of India took special initiative to strengthen and improve the performance of these banks for better results in operational and financial direction. In 2005–06, the Government of India undertook a major restructuring of Regional Rural Banks by merging RRBs that were sponsored by the same bank within a particular state, following the recommendations of the Vyas Committee (2004). This consolidation aimed to strengthen the operational base of RRBs and enhance their overall efficiency. The newly amalgamated entities were expected to deliver improved customer service through upgraded infrastructure, greater branch computerization, a larger and more experienced workforce, and unified promotion and marketing efforts. Additionally, the mergers were intended to provide the advantages of a wider operational area, higher credit exposure limits, and a broader, more diversified range of banking activities. As such in Assam on 12th January 2006 PGB, LGB, CGB and SGB were amalgamated to form Assam Gramin Vikash Bank. They are established to serve the banking needs of rural communities; and have undergone significant changes over the years, particularly through the amalgamation process aimed at strengthening its operational capabilities and outreach. The second phase was across the Sponsor banks within a State during 2012-2015. Again the Government of India 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. (Financial services.gov.in)¹. In this regard LDRB was amalgamated on 1st

April 2019 to AGVB in the principle of One State One RRB. So at present there is only one RRB in the state of Assam named Assam Gramin Vikash bank. The five RRBs that were established through inception have no existence in present time. This consolidation has strengthened the bank's operational capacity, allowing it to pool resources, optimize branch networks, and offer a wider range of financial services to rural and semi-urban areas. The unified structure has also enabled better risk management, improved credit deployment, and enhanced technological adoption, ensuring that banking services reach even the remotest regions of Assam. Overall, this amalgamation marks a significant step toward creating a robust, efficient, and inclusive banking institution capable of driving rural development and supporting the socio-economic growth of the state.

Therefore, the Assam Gramin Vikash Bank is visualised as bigger, stronger, multidimensional, financial institution with an undiluted commitment to rural credit dispensation. The wide base, as the largest scheduled commercial bank in the state having the largest network of branches, and an enlarged exposure limit, provide the bank greater flexibility in the field of rural finance. The operational area of this bank consists of the entire area of operation which covers 34 districts in the State of Assam. The objectives set before the RRBs remain intact for Assam Gramin Vikash Bank also. This bank gives maximum emphasis on developing the rural economy by providing credit for agriculture, trade, industry and other productive activities particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, SHG and other rural communities etc. In addition, the bank focuses on promoting financial literacy, facilitating access to government schemes, and leveraging technology to enhance banking services in remote areas. By strengthening its credit portfolio, expanding outreach, and maintaining robust risk management practices, Assam Gramin Vikash Bank aims to support inclusive growth, reduce regional disparities, and play a pivotal role in improving the socio-economic conditions of rural Assam. Its continuous efforts to balance profitability with social responsibility ensure that it remains a key institution driving sustainable rural development across the state.

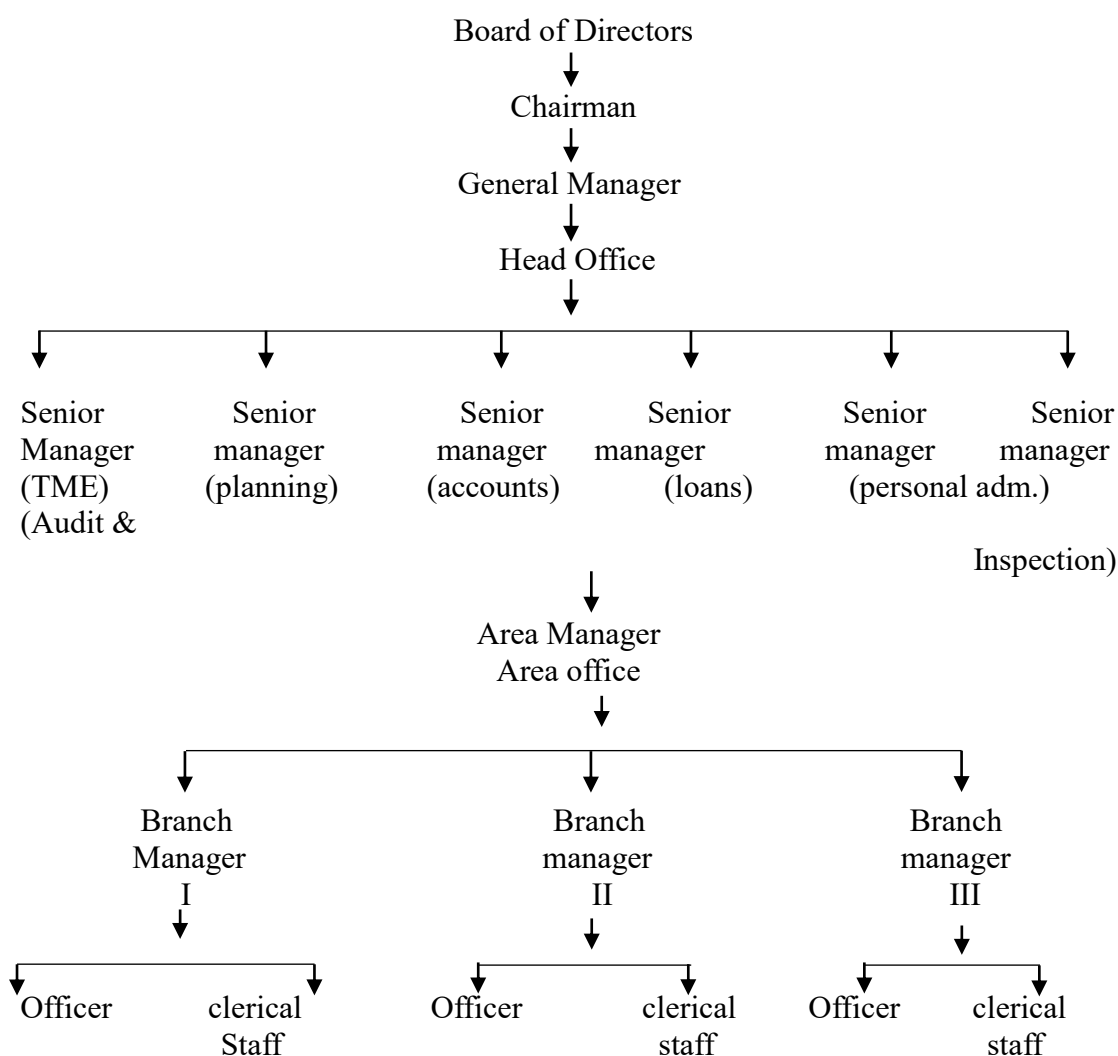
2.1 ORGANIZATIONAL STRUCTURE OF RRB:

The organizational structure of a bank serves as the framework that defines how it operates, coordinates its activities, and works toward achieving its goals. It ensures smooth functioning, effective communication, and proper control across various levels of management. In the case of banks, the structure is designed to align with their operational objectives, ensuring sustained growth and efficient service delivery. For Regional Rural Banks, an effective organizational framework is essential to ensure that banking and credit facilities reach rural and semi-urban areas efficiently. Typically, an RRB functions through a multi-tiered structure comprising a Head Office (Central Office), Regional Offices, and Branch Offices. The Head Office is responsible for policy formulation, administration, and coordination with regulatory institutions such as the Reserve Bank of India, NABARD, and the sponsoring commercial bank (NABARD,2020)². The Regional Offices act as intermediaries between the Head Office and the branches, while the Branch Offices directly interact with customers at the grassroots level, ensuring that financial services and credit facilities reach rural populations effectively.

The Assam Gramin Vikash Bank (AGVB) also follows a well-defined hierarchical and functional structure to ensure effective governance, supervision, and operational efficiency across the state. At the top of the hierarchy is the Board of Directors, which serves as the supreme decision-making body responsible for framing policies, strategic planning, and guiding the overall direction of the bank. The Chairman, who also serves as the Chief Executive Officer (CEO), is supported by the General Manager and other senior officials handling key departments such as finance, credit, risk management, human resources, planning, and information technology. The Head Office, located in Guwahati, functions as the central administrative unit, overseeing all operational activities and ensuring policy implementation across the bank's network. To maintain closer supervision and coordination, the bank has established several Regional or Area Offices, each managed by an Area Manager. Each Regional or Area Office supervises approximately 25 to 35 branches, providing administrative support, monitoring branch performance, and ensuring adherence to policies and procedures (RBI, 2021)³. At the grassroots level, Branch Offices act as the primary service delivery points, offering deposit, credit, and other financial inclusion services to customers.

Each branch is headed by a Branch Manager, assisted by officers and clerical staff responsible for handling daily banking operations, customer service, and transaction processing. Larger branches employ additional clerical and support staff to ensure smooth service delivery. This structured and tiered framework helps the bank to maintain effective communication, accountability, and decision-making across its network, thereby enhancing its ability to meet the credit and developmental needs of rural Assam. A representative organisational structure of Assam Gramin Vikash bank is shown below.

Organisational structure of RRB



Thus, in considering the bank's business volume, operational area, and branch network, the Government of India authorized NABARD to issue guidelines on the organizational structure of Assam Gramin Vikash Bank, through letter no. NB. IDD. RRCBD/2019/462/2005-06 dated 19-01-2006. Following these guidelines, AGVB adopted a three-tier structure comprising the Head Office, Regional (Controlling) Offices, and Branches. At the time of amalgamation, the Head Office was located at Chandmari, Rajgarh Road, Guwahati. It was later shifted to Bhangagarh on G.S. Road, and subsequently relocated to Christianbasti on G.S. Road, where it continues to operate at present. The Head Office which acts as the central administrative and policy-making body of the bank, it oversees all strategic and operational functions of the bank to ensure alignment with its developmental goals. To manage these diverse functions efficiently, the Head Office is divided into several specialized departments, such as:

- Personnel department
- Vigilance department
- Accounts & Investment department
- IT, MIS, FI department
- Audit and Inspection department
- P & D and CS department
- Credit department
- Recovery & credit monitoring department

However, the bank functions in this three-tier structure comprising the Head Office, Regional Offices, and Branches. The following table presents the growth pattern of Regional Offices, Districts, and Branches of AGVB over the years, showing the gradual expansion of the bank's operational network across Assam.

Table 2.1**Growth of Regional Office, Districts and Branches of AGVB**

YEAR	REGIONAL OFFICE	TOTAL DISTRICTS	TOTAL BRANCHES
2011-12	7	25	369
2012-13	7	25	374
2013-14	7	25	396
2014-15	7	25	406
2015-16	7	31	409
2016-17	7	30	413
2017-18	7	30	413
2018-19	7	30	413
2019-20	8	33	473
2020-21	8	34	473
2021-22	9	33	472
2022-23	9	34	468
2023-24	9	35	465

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2023-24

An analysis of table 2.1 reveals that the Assam Gramin Vikash Bank (AGVB) has shown steady growth and expansion of its operational network over the years from 2011-12 to 2023-24. During this period, the bank consistently strengthened its outreach to serve a larger section of the rural population across Assam. Up to 2018-19, AGVB maintained seven regional offices located at Nalbari, Golaghat, Silchar, Lakhimpur, Guwahati, Kokrajhar, and Dibrugarh. In 2019-20, the bank expanded further by opening a new Regional Office at Diphu, increasing the total to eight. This was followed by the establishment of another Regional Office at Tezpur in 2022, bringing the total number of regional offices to nine. Similarly, the bank's coverage area also grew steadily, with the number of districts served increasing from 25 in 2011-12 to 34 in 2020-21, and reaching 35 districts by 2023-24, reflecting AGVB's continuous efforts toward regional expansion and improved accessibility of banking services.

Table 2.2
Areas of operation of Regional Offices of AGVB

Sl no.	Regional Office	No. of Districts covered	Name of the Districts and no. of Branches		Total Branches
			Districts	No. of Branches	
1	NALBARI	05	Nalbari	18	57
			Baksa	07	
			Barpeta	11	
			Darrang	13	
			Bajali	08	
2	GOLAGHAT	05	Golaghat	25	50
			Jorhat	15	
			Karbi Anglong	06	
			Nagaon	02	
			Sibsagar	02	
3	SILCHAR	04	Cachar	20	50
			Karimganj	16	
			Hailakandi	09	
			Dima Hasao	05	
4	LAKHIMPUR	05	Lakhimpur	18	50
			Dhemaji	10	
			Sonitpur	04	
			Biswanath	16	
			Majuli	02	
5	GUWAHATI	06	Kamrup	17	55
			Kamrup (Metro)	15	
			Morigaon	13	
			Tamulpur	05	
			Nagaon	02	
			West Karbi Anglong	03	

6	KOKRAJHAR	06	Kokrajhar	10	52
			Bongaigaon	10	
			Chirang	06	
			Goalpara	12	
			Dhubri	12	
			South Salmara	02	
7	DIBRUGARH	04	Dibrugarh	16	51
			Tinsukia	14	
			Sivasagar	10	
			Charaideo	11	
8	DIPHU	04	Dima Hasao	04	46
			Karbi Anglong	24	
			West Karbi Anglong	12	
			Hojai	06	
9	TEZPUR	05	Darrang	02	53
			Karbi Anglong	01	
			Nagaon	25	
			Sonitpur	13	
			Udalguri	12	
	Total				464

Source: Compiled from Annual report of AGVB for the financial year, 2023-24

The following table 2.2 shows how the bank's nine regional offices are set up across the state of Assam. The regional office Nalbari has the highest branches of 57 as on 2023-24, followed by Guwahati (55). Earlier in 2020-21 Golaghat had the highest number of branches around 78, but as on 2024 it reduced to 50 due to over size of the branches. So, the newer regional offices in Diphu (2020) and Tezpur (2022) have been established to manage specific clusters of districts, improving administrative efficiency. This structure allows the bank to effectively cover the diverse geography of Assam, from the Barak Valley (Silchar) to the Upper Assam regions (Dibrugarh). Overall, the network is designed for decentralized management and targeted service delivery across the state. As the Assam Gramin Vikash Bank is

only amalgamated Regional Rural Bank of the North Eastern Region both in terms of branch network and business. The population groups wise break up of branches is as follows.

Table 2.3 Branch Network of AGVB

	DISTRICT	RURAL	SEMI URBAN	URBAN	TOTAL
1.	Bajali	6	2	0	8
2.	Baksa	7	0	0	7
3.	Basrpeta	9	2	0	11
4.	Biswanath	14	2	0	16
5.	Bongaigaon	8	2	0	10
6.	Cachar	16	0	4	20
7.	Charaideo	10	1	0	11
8.	Chirang	4	2	0	6
9.	Darrang	13	2	0	15
10.	Dhemaji	8	2	0	10
11.	Dhubri	7	5	0	12
12.	Dibrugarh	12	2	2	16
13.	Dima Hasao	6	3	0	9
14.	Goalpara	10	2	0	12
15.	Golaghat	20	5	0	25
16.	Hailakandi	5	4	0	9
17.	Hojai	3	3	0	6
18.	Jorhat	12	0	3	15
19.	Kamrup	15	2	0	17
20.	Kamrup (M)	4	0	11	15
21.	Karbi Anglong	26	5	0	31
22.	Karimganj	13	3	0	16
23.	Kokrajhar	9	1	0	10
24.	Lakhimpur	15	3	0	18
25.	Majuli	2	0	0	2
26.	Morigaon	11	2	0	13

27.	Nagaon	25	2	2	29
28.	Nalbari	16	2	0	18
29.	Sibsagar	10	2	0	12
30.	Sonitpur	14	3	0	17
31.	South Salmara	1	1	0	2
32.	Tamulpur	5	0	0	5
33.	Tinsukia	6	5	3	14
34.	Udalguri	10	2	0	12
35.	West Karbi Anglong	15	0	0	15
	TOTAL	367	72	25	464
	PERCENTAGE	79	16	5	100

Source: Compiled from Annual Report of AGVB for the year 2023-24

From the table 2.3 it can be seen that the bank has a geographically well spread branch network across the state of Assam. The bank has 464 branches in all 35 districts. Thus, Assam Gramin Vikash Bank is playing a crucial role in the development of rural economy with its wide base, largest network of branches, and an enlarged exposure limit, provide the bank greater flexibility in the field of rural finance. Through its strong outreach, the bank has become a vital instrument in promoting financial inclusion and rural development. By providing easy access to credit, savings, and other financial services, the bank has helped reduce the dependence of rural people on informal sources of finance such as moneylenders.

2.2 MANAGERIAL ASPECTS OF AGVB:

An effective management is the cornerstone of any successful banking institution, ensuring smooth operations, accountability, and alignment with the organization's objectives. Strong management practices help in strategic planning, risk mitigation, and optimal utilization of resources, which are particularly important for banks operating in diverse and challenging environments. In the case of Regional Rural Banks (RRBs), including the Assam Gramin Vikash Bank (AGVB), a well-defined management structure has been established to maintain transparency, efficiency, and sound governance across all levels of operation. The management system is designed to combine professional expertise with developmental priorities,

reflecting the dual role of RRBs in promoting financial stability and supporting rural economic growth. The management of each RRB is entrusted to a Board of Directors, consisting of nine members, headed by a Chairman. With the approval of the Government of India, the composition of the Board may be expanded to a maximum of fifteen members to ensure wider representation and a richer pool of expertise. In accordance with the provisions of the Regional Rural Bank Act, the overall supervision, direction, and management of the affairs and business of a Regional Rural Bank are entrusted to its Board of Directors. The Board is empowered to exercise all functions and authority on behalf of the bank and is expected to operate on sound business principles while upholding public interest.

1. The Board consists of the Chairman and the following members:

- ❖ Two directors—not serving as officers of the Central Government, State Government, Reserve Bank of India, NABARD, the Sponsor Bank, or any other bank—nominated by the Central Government.
- ❖ One director nominated by the Reserve Bank of India, who must be an officer of the RBI.
- ❖ One director nominated by NABARD, who must be an officer of NABARD.
- ❖ Two directors nominated by the Sponsor Bank, selected from among its officers.
- ❖ Two directors nominated by the respective State Government from among its officers.
- ❖ Additional directors elected by eligible shareholders, other than those nominated by the Central Government, State Government, Sponsor Bank, or other government-controlled institutions. These shareholders must have their names recorded in the register of shareholders at least ninety days before the meeting in which the election of directors is held.

(i) If the equity share capital held by such shareholders is up to 10% of the total issued equity capital, one director shall be elected to represent them.

(ii) If their shareholding exceeds 10% but is less than 25%, two directors shall be elected from among these shareholders, including those covered under clause (i).

(iii) If their shareholding is 25% or more, three directors shall be elected from among these shareholders, including those referred to in clauses (i) and (ii).

2. The Central Government may, if necessary, expand the size of the Board, provided that the total number of directors does not exceed fifteen. It may also specify the procedure for filling these additional positions.

3. The Central Government may appoint one of its officers to the Board of a Regional Rural Bank if it considers such an appointment essential for ensuring the bank's effective functioning.

A director nominated under clause (a) of sub-section (1) of Section 9 shall hold office at the pleasure of the Central Government for a term not exceeding three years, as specified at the time of nomination. Such a director is also eligible for re-nomination.

According to Section 11(1)(a) of the Regional Rural Banks Act, 1976, the Sponsor Bank is responsible for appointing an individual as the Chairman of a Regional Rural Bank (RRB). The Sponsor Bank must also specify the tenure of the appointment, which may extend up to a maximum of five years, subject to the provisions of sub-section (4). However, certain conditions apply to the appointment:

- ❖ If the appointee is an officer of the Sponsor Bank, the appointment can be made only after consultation with NABARD.
- ❖ In all other cases, the appointment requires the prior approval of the Central Government.

The Chairman is required to dedicate his full time and attention to the functioning of the Regional Rural Bank. Under the overall supervision, control, and direction of the Board of Directors, the Chairman is entrusted with the management of the entire operations and affairs of the Bank. The tenure of the Chairman must be not less than three years and not more than five years, and is subject to periodic and performance-based reviews by the Board, keeping in view the tasks and targets assigned. An individual may serve as Chairman of an RRB for a maximum period of five years. After completing this term, the same individual may be appointed as Chairman of another RRB for an additional period of up to five years, in accordance with Section 11 of the RRBs Act. (RRB Act)⁴

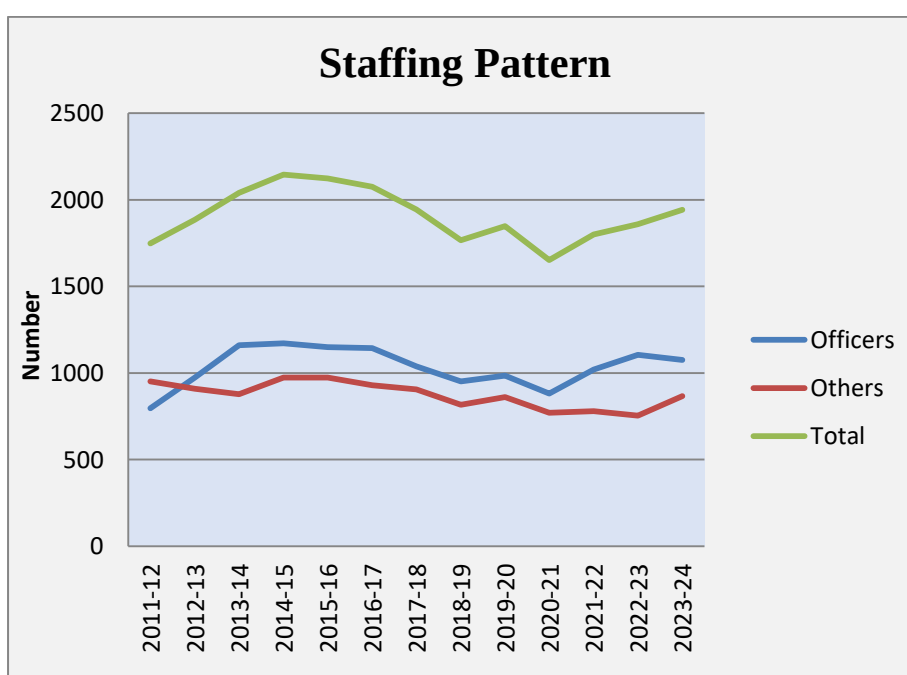
Thus, a Regional Rural Bank is empowered to appoint the number of officers and employees it deems necessary for the effective discharge of its functions, following the procedures prescribed for such appointments. The Bank also determines the terms and conditions of their employment and service. All officers and employees of an RRB carry out the duties and responsibilities assigned or delegated to them by the Board of Directors. Their roles and powers are therefore aligned with the operational needs and strategic directions set by the Board. The remuneration of staff directly recruited by RRBs is regulated by the Government of India. Notably, the salary structure for RRB employees is generally lower than that of employees of the sponsoring commercial banks. The Government of India has stipulated that the pay structure of RRB staff should be comparable to that of employees of State Government departments and local authorities of similar rank and status within the RRB's area of operation. In addition, the staffing pattern reflects the bank's efforts to maintain a balance between adequate human resources and operational efficiency. Proper allocation of officers and employees across rural, semi-urban, and urban branches ensures that customer service is consistent and that credit and deposit operations are effectively managed. Regular training and skill development programs are also essential to enhance staff competency, improve decision-making, and strengthen the bank's ability to meet the evolving financial needs of rural communities. By strategically deploying staff based on regional demand and branch workload, the bank can maintain operational efficiency, reduce service bottlenecks, and respond effectively to the challenges of rural banking. This structured approach ensures that the bank remains capable of delivering inclusive financial services and driving rural economic development across the state. Thus, a well-structured and motivated workforce is therefore critical to the overall growth, productivity, and sustainability of the bank. The following table shows the staffing pattern of Assam Gramin Vikash Bank.

Table 2.4 Staffing pattern of AGVB

YEAR	NUMBER OF EMPLOYEES		TOTAL
	Officers	Others	
2011-12	797	951	1748
2012-13	974	910	1884
2013-14	1161	878	2039
2014-15	1171	974	2145
2015-16	1149	974	2123
2016-17	1144	930	2074
2017-18	1039	905	1944
2018-19	951	816	1767
2019-20	985	862	1847
2020-21	881	770	1651
2021-22	1020	780	1800
2022-23	1105	754	1859
2023-24	1075	867	1942

Source: Compiled from Annual reports of Assam GraminVikash Bank
for the period of 2011-12 to 2023-24

Figure 2.1



The table 2.4 depicts staffing pattern of Assam Gramin Vikash Bank which is divided into officers and other staff. The number of officers has been increased from 797 in 2012 to 1144 officers in 2017, but from 2018 number of officers have decreased gradually till 2021 i.e. 881. Same way other staff in the bank has been increased from 951 in 2012 till 974 in 2016 and again reduced gradually to 770. As such total number of employees are in decreasing trend from 2012 i.e. 1748 to 1651 in 2021. However, in the subsequent years, the bank initiated recruitment drives to strengthen manpower, leading to a moderate recovery with 1,800 employees in 2021-22, 1,859 in 2022-23, and 1,942 in 2023-24. Overall, the trend shows that while the bank experienced an initial period of growth in employment until 2014-15, there was a phase of decline thereafter, followed by a gradual stabilization and recovery in recent years. This pattern reflects the bank's efforts to optimize human resources while maintaining operational efficiency in line with its business volume and technological advancement. Strategic recruitment and capacity-building initiatives have also helped in improving branch-level performance, risk management, and credit operations. A well-trained and adequately staffed workforce is therefore crucial for Assam Gramin Vikash Bank to achieve its objectives of financial inclusion, rural development, and sustainable growth in a competitive banking environment.

2.3 SOURCES OF FINANCE OF AGVB:

For any banking institution, the availability and stability of funds are crucial for maintaining liquidity, expanding credit operations, and supporting overall financial growth. The Assam Gramin Vikash being a Regional Rural Bank draws its financial strength from a diversified pool of funding sources that enable it to fulfil its dual objective of profitability and rural development. The bank's sources of finance are designed to ensure a steady flow of funds for agricultural lending, rural infrastructure development, and various government-sponsored financial inclusion programs. These funds not only help the bank meet its day-to-day operational requirements but also enhance its capacity to extend affordable credit to the weaker and underprivileged sections of society. Additionally, a well-managed fund base allows AGVB to maintain healthy liquidity ratios, respond to unexpected financial shocks, and invest in modern banking technologies to improve service delivery. By efficiently mobilizing deposits from the public and leveraging support from sponsor

banks and government schemes, the bank can balance risk and growth while contributing to overall rural economic development. The stable availability of funds also enables the bank to plan long-term projects, strengthen its credit portfolio, and sustain confidence among depositors and stakeholders, reinforcing its role as a pillar of rural finance in Assam.

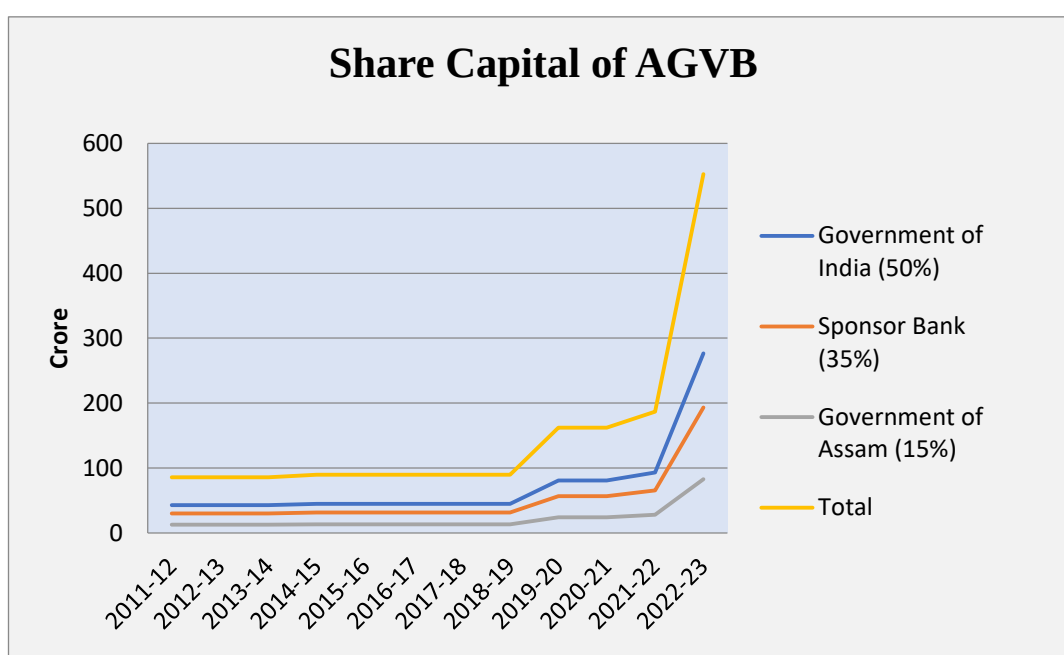
In this regard, the major sources of funds for Regional Rural Banks, including Assam Gramin Vikash Bank (AGVB), consist of owned funds, public deposits, and borrowings from institutions such as NABARD, the Sponsor Bank, SIDBI, the National Housing Bank, and other approved agencies. A significant development in this area was the enactment of the Regional Rural Banks (Amendment) Act, 2015, which received approval from both Houses of Parliament and the President of India. Under this amendment, the authorized capital of RRBs was substantially increased from ₹5 crore to ₹2,000 crore, divided into 200 crore fully paid-up shares of ₹10 each. Similarly, the issued capital was raised from ₹25 lakh to ₹1 crore, also divided into fully paid-up shares of ₹10 each. The amended Section 6 of the principal Act further stipulates that if an RRB raises capital from entities other than the Central Government, State Government, or the Sponsor Bank, the combined shareholding of the Central Government and the Sponsor Bank must not fall below 51 percent. Additionally, if the shareholding of a State Government in an RRB is proposed to be reduced below 15 percent, the Central Government is required to consult the respective State Government before doing so. So, in case of regional rural banks its ownership and capital contribution pattern reflect a collaborative effort between the Central Government, the State Government, and the sponsoring commercial bank to ensure both financial viability and social responsibility in rural banking operations. This tripartite ownership structure ensures balanced control, effective supervision, and adequate financial support. The capital contribution is shared among these three stakeholders in the ratio of 50:15:35, where the Government of India holds 50%, the Government of Assam holds 15%, and the Sponsor Bank contributes 35%. The following table shows details of share capital of the bank.

Table 2.5 Details of Share Capital Account, (Amount in crore)

Year	Government of India (50%)	Sponsor Bank (35%)	Government of Assam (15%)	Total
2011-12	42.81	29.97	12.84	85.62
2012-13	42.81	29.97	12.84	85.62
2013-14	42.81	29.97	12.84	85.62
2014-15	44.81	31.37	13.44	89.62
2015-16	44.81	31.37	13.44	89.62
2016-17	44.81	31.37	13.44	89.62
2017-18	44.81	31.37	13.44	89.62
2018-19	44.81	31.37	13.44	89.62
2019-20	81.02	56.72	24.3	162.04
2020-21	81.02	56.72	24.3	162.04
2021-22	93.37	65.37	28	186.74
2022-23	276.38	193.48	82.9	552.76
2023-24	348.11	243.67	104.43	696.21

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2023-24

Figure 2.2



The table 2.5 reveals that the share capital of Assam Gramin Vikash Bank has undergone a period of transformative growth over the thirteen years period from 2012 to 2024, fundamentally strengthening its financial base. In 2012, the total capital was 85.63 crore, shared by the Government of India, the Government of Assam, and the Sponsor bank. Then it slightly rises to 89.62 crore in 2014-15 and then amount almost doubled to 162.05 crore by 2020 and 186.74 crore by 2022. But the biggest change happened between 2023 the capital grew extremely fast up to 552.76 crore because during financial year 2021-22 government of India decided to infuse 10,890 crore (GoI share (50%)- ₹5,445 crore) of capital in RRBs during 2021-22 and 2022-23. The primary purpose of recapitalization is to ensure that Regional Rural Banks (RRBs) continue to meet the regulatory Capital to Risk-Weighted Assets Ratio (CRAR) of 9 percent, for which they have periodically received capital support in the past. Beyond compliance, the scheme is intended to strengthen and rejuvenate RRBs by providing adequate growth capital, enabling them to evolve into sustainable, self-reliant financial institutions capable of driving rural development and transformation. The infusion of capital will support RRBs in adopting modern technology and in delivering financial inclusion services more effectively to rural communities. According to NABARD, the recapitalization programme is further complemented by operational and governance reforms under the Sustainable Viability Plan. This plan emphasises credit growth, diversification of business activities, reduction of NPAs, cost rationalization, technological upgrades, and improvements in corporate governance. Collectively, these initiatives are designed not only to reinforce the financial strength of RRBs such as AGVB but also to improve their operational efficiency, transparency, and long-term resilience within an increasingly dynamic banking landscape.

However, the most significant and stable source of funds for AGVB is its customer deposits. Deposits form the backbone of the bank's financial structure, providing the primary base for its lending operations. The bank mobilizes deposits from various segments of society like farmers, small traders, salaried individuals, and rural households through a wide range of products such as savings bank deposits, current deposits, fixed deposits, and recurring deposits. By promoting a culture of savings among rural populations, the bank not only secures a reliable source of funds but also deepens financial inclusion in the state. To attract and retain deposits, the

bank offers competitive interest rates, safe investment options, and efficient customer service through its extensive branch network. These deposits are prudently utilized for productive lending, especially in priority sectors like agriculture, micro-enterprises, and self-help groups. The mobilization of deposits also reflects the public's trust and confidence in AGVB's financial stability and service quality.

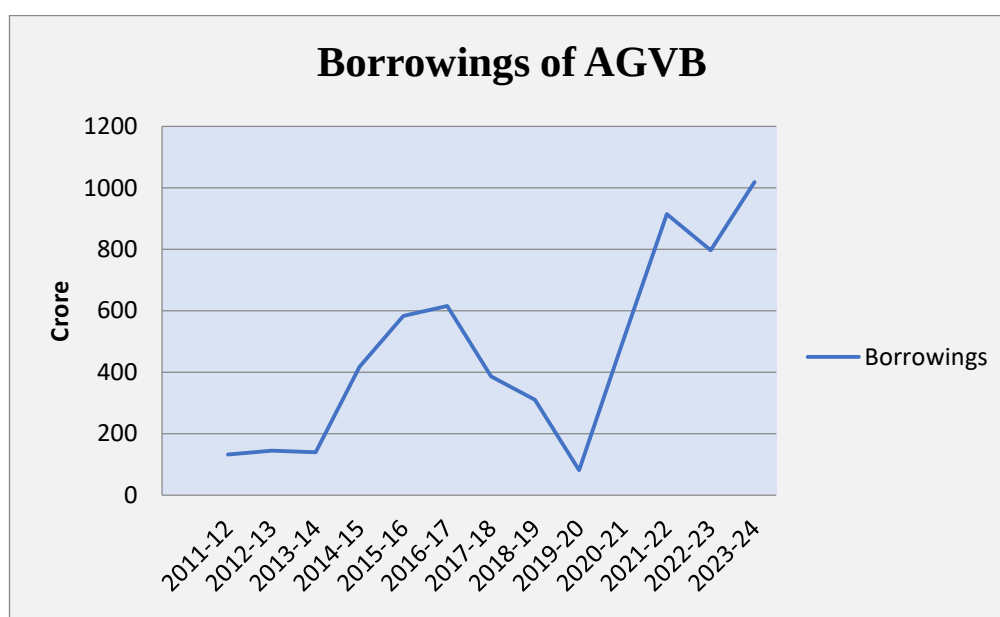
In addition to deposits, the bank also raises funds through borrowings which form an essential component of the financial resources of a bank, particularly for institutions like Regional Rural Banks (RRBs) that operate with the dual objectives of profitability and rural development. For Assam Gramin Vikash borrowings play a vital role in supplementing its owned funds and deposits, thereby enhancing its capacity to extend credit to the agricultural and rural sectors. Since the bank serves a largely rural and semi-urban clientele, access to borrowed funds enables it to meet seasonal credit demands, support government-sponsored schemes, and finance developmental projects in remote areas. RRBs also finance their operations through retained earnings such as profit reserves. Strong internal capital generation strengthens the capital adequacy position and reduces dependence on external funding sources. (Kumar, P)⁵. To maintain sufficient liquidity and strengthen its lending portfolio, the bank borrows funds from various institutional sources. These banks rely primarily on refinance support from the National Bank for Agriculture and Rural Development (NABARD), which provides funds at concessional rates to encourage agricultural and rural lending. This refinance facilitates the bank to expand its lending operations without straining its own capital base. In addition, sponsor banks which hold a significant share in the ownership of RRBs extend financial and operational support to ensure the smooth functioning and financial stability of these banks. These borrowings enable these banks to fulfil their mission of providing credit and financial services to rural areas and the agriculture sector, thereby promoting rural development in India. Each source of borrowing serves different purposes, from long-term capital investments to short-term liquidity management, thereby sustaining its mission of providing affordable credit and financial services to rural communities. These financial arrangements empower the bank to fulfil its developmental objectives and contribute significantly to the socio-economic progress of rural Assam. The following table presents the key sources from which the bank borrows funds to meet its financial requirements.

Table 2.6 Borrowings of AGVB (Amount in crore)

YEAR	NABARD	SPONSOR BANK	NHB	NSKFCDC	OTHER INSTITUTIONS	TOTAL
2011-12	104.07	24.66	-	-	3.52	132.25
2012-13	108.85	24.17	-	-	11.37	144.39
2013-14	128.44	-	-	-	11.15	139.59
2014-15	250.76	99.1	59.99	-	7.96	417.81
2015-16	325.97	199.14	53.31	-	4.78	583.2
2016-17	370.31	196.55	46.63	-	1.64	615.13
2017-18	190.66	184.51	-	9.95	1.3	386.42
2018-19	112.6	197.3	-	0.3	0.6	310.8
2019-20	80.61	-	-	0.23	0.17	81.01
2020-21	450.6	49.36	-	0.77	-	500.73
2021-22	712.67	200	-	0.46	-	914.20
2022-23	595.32	200	-	0.22	-	796.61
2023-24	817.27	200	-	0.87	-	1018.66

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2023-24

Figure 2.3



From the table 2.8, it is clear that NABARD is the main source of funds for AGVB. Between 2012 and 2014, the bank's borrowings were low and stable. In 2014-15, borrowings jumped to 417.81 crore to support agricultural credit. Another increase occurred in 2020-21 with 500.73 crore when NABARD provided a Special Liquidity Facility to help farmers during the COVID-19 pandemic. This funding helped farmers improve crop production and supported agricultural credit at a difficult time. In 2023–24, borrowings further rose to 1018.66 crore due to additional NABARD refinance assistance to strengthen the financial health of Regional Rural Banks. Besides NABARD, AGVB also borrows from its Sponsor Bank and other institutions. Initially, from 2011-12 to 2012-13, the amount borrowed from the sponsor bank was relatively low reflecting limited dependence on sponsor support during the early years. However, starting from 2014-15, the borrowings from the sponsor bank increased sharply, reaching Rs. 99.1 crore and peaking at Rs. 199.14 crore in 2015-16 and 200 crore in 2022. However, small borrowings were also made in some years from the National Housing Bank (NHB) and the National Safai Karamcharis Finance and Development Corporation (NSKFDC). These multiple sources of funds give the bank financial flexibility to meet daily operations, expand credit, and support rural development programs. Moreover, these combinations of NABARD support, sponsor bank assistance, and other institutional borrowings also strengthens the bank's capacity to implement government schemes, priority sector lending, and livelihood programs efficiently. As it allows the bank to provide loans to farmers, small entrepreneurs, SHGs, and artisans, while managing risks and controlling non-performing assets. Access to various sources of funds helps the bank maintain stability, plan long-term projects, and ensure that rural communities benefit from banking services. Overall, these borrowings are essential for AGVB to achieve its dual goal of promoting financial inclusion and supporting sustainable rural development in Assam.

From the above discussion, it should be noted that by merging PGB, LGB, CGB and SGB to Assam Gramin Vikash bank, the amalgamation aimed to create a more robust financial institution capable of withstanding economic fluctuations and enhancing credit delivery in rural areas. This merger was guided by the principle of "One State, One RRB," which ensures a unified and coordinated

approach to rural banking in Assam. The bank follows a decentralized management approach, empowering local branches to make decisions tailored to the specific needs of their communities. This helps the bank remain closely connected to its rural clientele and adapt swiftly to changing circumstances. The management is overseen by a Board of Directors comprising representatives from the government, sponsor banks, and the local population. This diverse representation ensures that bank policies reflect the interests of all stakeholders. The bank's sources of finance include its owned funds, public deposits, borrowings from NABARD, assistance from the sponsor bank (Punjab National Bank), and smaller borrowings from institutions like NHB and NSKFDC. NABARD funding, including refinance facilities and special liquidity support, plays a crucial role in promoting agricultural credit and rural development, especially during challenging periods such as the COVID-19 pandemic. By providing timely credit, promoting savings, and facilitating financial literacy, the bank has empowered rural communities and contributed significantly to economic growth. Its support for agriculture, small enterprises, and income-generating initiatives has led to employment creation, improved livelihoods, and strengthened financial inclusion. The combination of a robust organizational structure, decentralized and professional management, investment in staff development, technological adoption, and diversified funding sources has positioned AGVB as a cornerstone of rural economic development in Assam. Overall, the bank not only strengthens financial stability and access to credit but also fosters social empowerment, poverty reduction, and sustainable development across the state. Its proactive approach in promoting financial literacy, supporting micro and small enterprises, and implementing government-backed schemes ensures inclusive growth for marginalized communities.

* * * * *

References

1. Review of Performance of RRBs during FY 2020-21 Part I
<https://financialservices.gov.in/beta/sites/default/files/2022-11/English-Consolidated%20Review%20of%20Performance%20of%20Regional%20Rural%20Banks%202020-21.pdf>
2. NABARD, “Status of Regional Rural Banks,” 2020;
3. Reserve Bank of India, “Report on Trends and Progress of Banking in India,” 2021
Consolidated Review of RRBs 2022 23
4. Regional Rural Banks Act, 1976
5. Kumar, P. & Shetty, S. (2021). Performance of Regional Rural Banks in India, Economic Affairs Journal. 66(3), 415–423

CHAPTER 3

GROWTH AND PERFORMANCE EVALUATION OF ASSAM GRAMIN VIKASH BANK

Banking performance has been regarded as a crucial factor of economic growth. Banks collect deposits from surplus and provide loans to investors that contribute to the total economic growth. Efficiency and productivity measures are rapidly used to evaluate banking performance. Regional Rural Banks have been set up mainly to develop the rural economy. The major objectives behind the establishment of RRBs have been to help integrate rural development programs, to ensure full coverage of the potential target population and to mobilize rural saving by inculcating the habit among the rural masses. Assam Gramin Vikash Bank (AGVB), the only Regional Rural Bank in Assam, continues to serve as a cornerstone of rural banking in the state. Established on January 12, 2006, through the merger of four RRBs (Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Cachar Gramin Bank, and Subansiri Gaonlia Bank), AGVB further amalgamated with Langpi Dehangi Rural Bank in April 2019. The bank was sponsored by Punjab National Bank (PNB) since the 2020 merger of United Bank of India with PNB; this bank is co-owned by the Government of India, the Government of Assam, and PNB. With nine regional offices and a vision of “Rural Assam - Real Assam,” the bank remains committed to rural development, balancing social goals with financial sustainability. The bank's primary mission remains aligned with the RRB Act of 1976 to cater to the financial needs of rural Assam, promoting self-reliance and supporting weaker sections through priority sector lending. Over the years, Assam Gramin Vikash Bank (AGVB) has expanded its outreach to even the most remote areas of the state, ensuring access to formal banking services for rural households, farmers, and small entrepreneurs. However, the process of branch expansion has been carefully regulated under the provisions of the Banking Regulation Act, 1949. These regulatory controls aim to ensure that expansion is guided by financial prudence and operational efficiency rather than mere numerical growth. By adhering to these principles, the bank has been able to maintain a balance between growth and stability, avoiding unsound banking practices and safeguarding public funds. This regulatory discipline has enabled the bank to strengthen its foundation, uphold transparency, and remain committed to its mission of inclusive rural development in Assam.

Over the years, the Reserve Bank of India has periodically revised its branch licensing policies to align with national priorities. The policy for 1979–81 emphasized two key objectives: expanding banking services in unbanked rural regions and increasing the flow of credit to weaker sections of society. In the subsequent policy for 1982–85, RBI maintained its focus on strengthening the outreach of banks, particularly in rural and semi-urban areas, while also working to reduce regional imbalances in the availability of banking facilities. The branch expansion policy for 1985–90 introduced an important shift by highlighting the significance of financial viability. For the first time, the guidelines specified that licenses for opening new branches would be granted only to banks demonstrating strong overall performance. This marked a move toward balancing social objectives with operational soundness in branch expansion strategies.

The next phase of policy reform was shaped by the recommendations of the Narasimham Committee (1991), which advocated abolishing the system of branch licensing and allowing banks—except for rural branches—to independently decide whether to open or close branches based on commercial judgment. In line with evolving reforms, RBI and NABARD introduced a new policy in 1997–98 permitting Regional Rural Banks to open branches in promising locations, but only on the condition that no additional staff would be hired. From 1999–2000 onward, RRBs were further allowed to shift their loss-making branches to more viable locations, with the aim of strengthening them as sustainable rural financial institutions. Beginning in 2001–02, RRBs were also given the option to convert unprofitable branches into satellite or mobile offices, provided such restructuring did not compromise their service area obligations (Reddy)¹. Previously, regional rural banks were required to open a lot of branches in remote rural regions. Now, they are allowed to merge or close branches that aren't making money, and their branch licensing policy is almost the same as that of commercial banks. As the spread of the branch network reflects the development of the banking sector to a great extent. Therefore, a number of bank branches available have been considered to compare the status of the branch network between N.E. region and India. The following table shows the distribution of bank branches in India, N.E and Assam from 2011-12 to 2020-21 respectively. Examining this data helps in understanding regional variations in banking accessibility and the effectiveness of branch expansion policies over time.

Such analysis is also crucial for guiding future strategies aimed at enhancing financial inclusion, promoting equitable economic growth, and ensuring that all sections of society benefit from formal banking services.

Table: 3.1

ANNUAL GROWTH OF TOTAL RRB BRANCHES (ASSAM & INDIA)

Year	Number of RRB branches			Annual growth of branches in percentage		
	India	N.E.	Assam	India	N.E.	Assam
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011-12	16909	687	374	-	-	-
2012-13	17861	690	396	5.63	0.44	5.88
2013-14	19082	704	406	6.84	2.03	2.52
2014-15	20024	778	410	4.94	10.51	0.98
2015-16	20920	821	410	4.47	5.53	0
2016-17	21422	859	414	2.4	4.63	0.98
2017-18	21747	867	414	1.52	0.93	0
2018-19	21871	879	414	0.57	1.38	0
2019-20	21847	881	473	-0.11	0.23	14.25
2020-21	21856	886	473	0.04	0.57	0
CAGR (%)	2.89	2.87	2.64			

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

The table 3.1 reveals that since 2011-12 the annual increase in branch expansion in Assam has been lower than the All-India level. However, in 2019-20 there was an annual increase of 14.25 percent, which is the highest, compared to N.E. and All India level. It has also been analyzed from the table that in 2011-12 the total number of RRB branches in the state was 374 and it gradually increased to 410 branches in the year 2014-15. From 2016-17 to 2018-19 it remains the same with branches of 414. In 2019-20 again new branches were set up and it remains at 473 till 2020-21. While at all India level, it shows an increase of 4947 branches from 2011-

12 to 2020-21. This trend indicates that while Assam has experienced moderate growth in branch expansion compared to the national average, significant progress was achieved during 2019-20. This gradual increase in branches over the years highlights efforts to enhance financial inclusion, particularly in rural and semi-urban areas, and suggests that with continued policy support and strategic planning, AGVB can further bridge the gap in banking penetration relative to the national level.

However, it is often argued that the expansion of branch networks is not uniform in rural and urban areas even within the Regional Rural Bank (RRB) structure. Studies show that although RRBs were established with a rural mandate, the growth of their branch networks has become regionally imbalanced over time. Similarly, NABARD observes that many RRBs face operational constraints—such as low population density, higher operating costs, and weaker economic activity—in remote rural regions, which slows down branch expansion in these areas compared to more commercially active districts. (NABARD 2023)². Furthermore, research also indicates that regional differences also influence branch growth; however, RRBs in the Southern and Western regions show more balanced rural–urban distribution, while those in the North-Eastern regions remain heavily rural but have limited overall branch expansion (Kumar & Shetty, 2021)³. Hence, to determine the existence of rural-urban disparity in the extension of branch networks, a comparative analysis of branch networks prevailing in rural, semi-urban and urban areas has been carried out below.

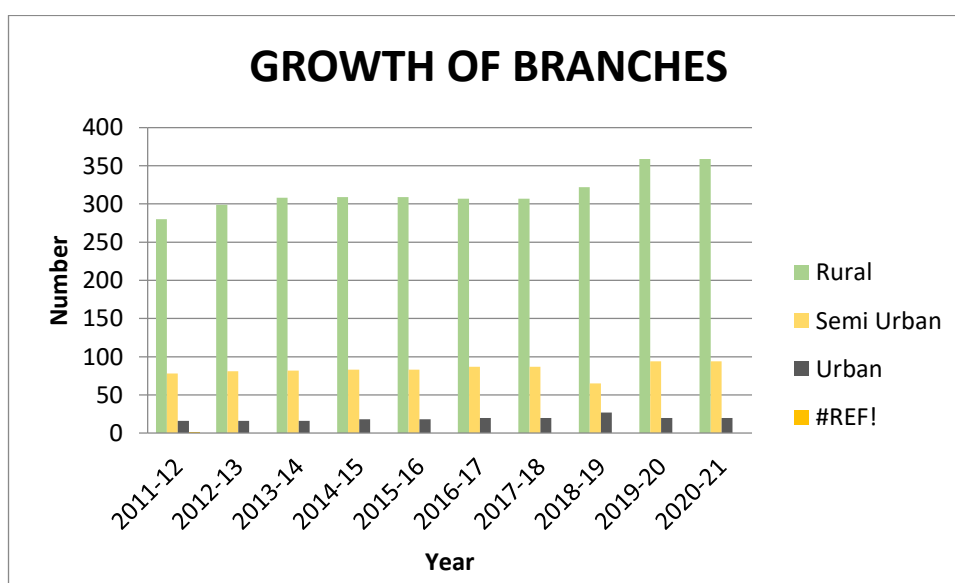
Table: 3.2

COMPOUND ANNUAL GROWTH OF THE BRANCHES ON THE BASIS OF AREA

Year	Rural	Semi Urban	Urban	Total Branches
(1)	(2)	(3)	(4)	(5)
2011-12	280	78	16	374
2012-13	299	81	16	396
2013-14	308	82	16	406
2014-15	309	83	18	410
2015-16	309	83	18	410
2016-17	307	87	20	414
2017-18	307	87	20	414
2018-19	322	65	27	414
2019-20	359	94	20	473
2020-21	359	94	20	473
CAGR (%)	2.80%	2.09%	2.51%	2.64%

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

Figure 3.1



The table 3.2 depicts the area-wise composition of Assam Gramin Vikash Bank branches from 2011-12 to 2020-21, divided into rural, semi-urban, and urban branches. As of 31st March 2012, the bank had a network of 374 branches, out of which 280 branches were located in rural areas, covering a wide range of geographical areas, 78 branches were located in semi-urban areas, and the remaining 16 branches, i.e., 4.40%, were located in urban areas. As of 2021, the total number of branches has increased to 473 branches, out of which 359 are located in rural areas, 94 are located in semi-urban areas, and the remaining 20 are located in urban areas. That means the total number of Assam Gramin Vikash Bank branches has increased by 2.64 % of CAGR during the study period. If we look at this structural growth, then branches in rural areas have increased more compared to semi-urban and urban areas, which means Assam Gramin Vikash Bank is on the path of financial inclusion covering almost all the rural areas and in urban areas the number of branches has decreased from 27 branches in 2019 to 20 branches in 2020-21. Therefore, it can be said that there is a huge disparity between rural and urban area branches and the need to re-evaluate its presence in urban markets to ensure balanced growth and diversified business opportunities.

3.1 GROWTH OF BANK DEPOSITS

An important source of funds for a bank to enlarge its working capital is the mobilization of deposits. Deposits are the foundation upon which banks grow and thrive. Even the advances the banker gives depend upon the capacity and extent of deposit mobilization. A banker mobilizes deposits from the public and then makes them available to be used for lending or investment purposes. It may be mentioned here that the efficiency of any credit agency depends on its capacity to mobilize the community's savings in the form of deposits. This is more important in the case of the Regional Rural Bank because it mobilizes idle money of the rural people and puts it into productive lending to the rural people. Insufficient mobilization of deposits will adversely affect all sections of the rural economy. Every Regional Rural Bank enjoys the status of a scheduled commercial bank and, therefore, is empowered to mobilize deposits (Batra and Dangwal 1994). However, in 2005-06, the Government of India initiated the process of structural consolidation of RRBs by amalgamating RRBs sponsored by the same bank within a State as per the recommendations of the

Vyas Committee (2004). The amalgamated RRBs were expected to provide better customer service due to better infrastructure, computerization of branches, pooling of experienced work force, common publicity, marketing efforts etc., and also derive the benefits of a large area of operation, enhanced credit exposure limits and more diverse banking activities (Amuthan,R).⁴ Before amalgamation, the overall deposits of the five regional banks of Assam were 1810.93 crore. By 2020-21, the bank's deposits increased by 15 % in the last 16 years. Thus, deposit growth is a continuous process, much more so in developing countries, where increasing financial literacy, expanding banking outreach, and government-led financial inclusion initiatives play crucial roles in mobilizing savings.

In this context, the volume of deposits mobilized in a particular region serves as an important indicator of the development and performance of the banking sector. A higher level of deposit mobilization signifies greater public confidence in the banking system and improved financial inclusion. Therefore, deposit mobilization has been considered a key parameter to compare the performance of the banking sector at the All-India, North-Eastern, and state levels. Moreover, it reflects the savings habits of the population, the effectiveness of banking outreach, and the economic vibrancy of the region. Regions with stronger deposit mobilization are generally better positioned to support credit growth, meet local investment needs, and ensure the sustainability of financial institutions. Thus, analysing deposit patterns not only reveals the financial strength of banks but also provides insights into regional disparities in banking development and the extent of economic integration within the formal financial system. The table 3.3 shows that the percentage share of deposits of the regional rural bank in Assam covered a little below 3 percent from 2011-12 to 2020-21.

Table: 3.3

**PERCENTAGE SHARE OF REGIONAL RURAL BANK DEPOSITS
OF ASSAM TO THE TOTAL REGIONAL RURAL BANK DEPOSITS IN
INDIA**

YEAR	Total RRB Deposits (Rs. in crore)			Percentage share of N.E. to all India (%)	Percentage share of AGVB to all India (%)
	INDIA	N.E. REGION	ASSAM		
(1)	(2)	(3)	(4)	(5)	(6)
2011-12	183000	10000	4883.17	5.46	2.67
2012-13	206500	11200	5531.28	5.42	2.68
2013-14	233400	13000	6429.95	5.57	2.75
2014-15	266200	15200	7418.85	5.71	2.79
2015-16	306500	16200	7381.95	5.29	2.41
2016-17	364900	18500	7924.2	5.07	2.17
2017-18	391200	20100	8507.47	5.14	2.17
2018-19	426568	22647	9257.46	5.31	2.17
2019-20	467422	25194	11118.34	5.39	2.38
2020-21	510900	27239	11509.99	5.33	2.25

Source: Compiled from Key Statistics and Financial Statements of RRB
for the period of 2011-12 to 2020-21

The above table 3.3 reveals that from 2011-12 (2.67%) to 2014-15 (2.79%), the percentage share of AGVB to all India has increased, but gradually, from 2015-16, it has decreased. Again, from 2019-20, the percentage has increased, but it's very less. Also, it must be noted that the total deposit share of RRB in Assam had never increased beyond 3 percent over 10 years. Hence, while deposit mobilization in Assam can be regarded as satisfactory in absolute terms, its relative share remains low when compared to the national scenario. For the North-Eastern region as a whole, the share is even more minimal, reflecting structural constraints such as low population density, limited industrial and commercial activity, and lower financial penetration. This persistent gap underscores the need for targeted strategies to

enhance savings mobilization, improve financial awareness, and strengthen banking infrastructure across the region.

The annual income growth in Assam, which directly influences the annual growth of deposits, further explains this situation. A large proportion of the state's population depends on agriculture, a sector highly vulnerable to frequent floods, droughts, poor soil quality, and excessive humidity conditions that significantly hinder agricultural productivity. Additionally, the absence of adequate storage and processing facilities results in a considerable portion of agricultural produce going to waste. These uncertainties contribute to unstable and often inadequate incomes for farmers, which in turn limits their capacity to save and deposit funds in banks. Moreover, the increasing presence and competitiveness of non-banking financial institutions, along with aggressive strategies adopted by commercial and cooperative banks, pose additional challenges for Assam Gramin Vikash Bank in mobilizing deposits. Consequently, while efforts toward financial inclusion continue, the bank must adopt more innovative and region-specific approaches to strengthen its deposit base in the face of these economic and institutional constraints. However, partnerships with local cooperatives, self-help groups, and government agencies can also enhance outreach and trust among potential depositors. By combining community engagement with technological innovation and targeted financial services, the bank can not only improve its deposit mobilization but also reinforce its role as a key driver of economic empowerment and sustainable development in Assam's rural areas.

3.1.1 DEPOSITS PER BRANCH OF RRB

Deposit per branch and deposit per employee of the Regional Rural Banks are calculated to gain an idea about the productivity and efficiency of branches and staff in deposit mobilization. As already mentioned, the percentage share of deposits of the RRBs of Assam is approximately 3 percent of the total deposits of RRBs at the all-India level, indicating a relatively modest contribution to the national deposit pool. Examining deposit productivity at both the branch and employee levels therefore becomes essential to understanding how effectively the existing infrastructure is being utilized. Higher deposit per branch generally reflects better outreach, customer engagement, and trust-building efforts, whereas higher

deposit per employee highlights staff efficiency and the success of personalized banking services. By analysing these metrics can also help identify underperforming branches or regions that require additional support, training, or technological interventions. It provides insights into whether resources are optimally allocated and whether strategic initiatives—such as financial literacy programs, digital banking services, or incentive schemes for staff—are translating into tangible results. The following table shows deposit per bank branch in India and Assam, allowing a comparative assessment of performance and highlighting the extent to which Assam's RRB network is able to mobilize resources in line with national trends.

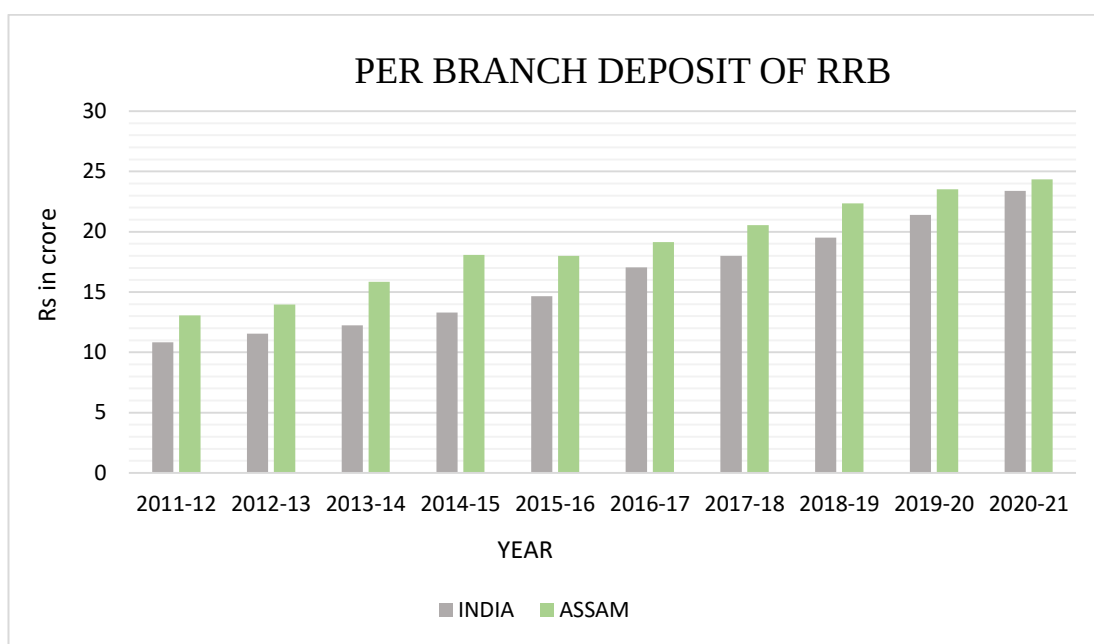
Table: 3.4

DEPOSIT PER BANK BRANCH IN INDIA AND ASSAM

Year	India (Rs. in crore)		Assam (Rs. in crore)		Deposit per Branch (Rs. in crore)	
	Deposit	Branch	Deposit	Branch	RRB	AGVB
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011-12	183000	16909	4883.17	374	10.82	13.06
2012-13	206500	17861	5531.28	396	11.56	13.97
2013-14	233400	19082	6429.95	406	12.23	15.84
2014-15	266200	20024	7418.85	410	13.29	18.09
2015-16	306500	20920	7381.95	410	14.65	18.00
2016-17	364900	21422	7924.2	414	17.03	19.14
2017-18	391200	21747	8507.47	414	17.99	20.55
2018-19	426568	21871	9257.46	414	19.50	22.36
2019-20	467422	21847	11118.34	473	21.40	23.51
2020-21	510900	21856	11509.99	473	23.38	24.33

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

Figure 3.2



As revealed from the table 3.4, per branch deposit of RRB in Assam was 13.06 crore which are high against the All-India average of 10.82 crore in 2011-12. After a period of 10 years, i.e., by 2020-21, it stood at 24.33 crore for Assam against the All-India average of Rs 23.38 crore. A comparative analysis of the per branch deposit of RRB in Assam as a percentage of per branch deposit of RRB at All India level revealed that Assam has a high per bank branch deposit compared to total RRB. This indicates that although the overall share of Assam in national RRB deposits is relatively small, the branches operating within the state are performing efficiently in terms of resource mobilization. Although Assam's total deposits constitute a small share of national RRB deposits, the deposit per branch is consistently higher because the branch network in the state is comparatively small. The limited number of branches results in each branch mobilizing a larger quantum of deposits, thereby increasing the per-branch productivity figures. Hence, the higher per-branch deposit in Assam is primarily driven by a lower branch denominator rather than exceptionally high deposit volumes. To understand this better, deposit per branch in Assam as a percentage of the deposit per branch at the All-India level is analysed, this provides a clearer picture of how Assam's branches are performing compared to the national average.

Table: 3.5**PERCENTAGE OF DEPOSIT PER BANK BRANCH IN ASSAM**

Year	Deposit per RRB branch (Rs. in crore)		Deposit per branch in Assam as percentage of deposit per bank branch in India
	India	Assam	
(1)	(2)	(3)	(4)
2011-12	10.82	13.06	120.70
2012-13	11.56	13.97	120.85
2013-14	12.23	15.84	129.52
2014-15	13.29	18.09	136.12
2015-16	14.65	18	122.87
2016-17	17.03	19.14	112.39
2017-18	17.99	20.55	114.23
2018-19	19.5	22.36	114.67
2019-20	21.4	23.51	109.86
2020-21	23.38	24.33	104.06

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

The table 3.5 shows that the deposit per branch in Assam has always been higher than the All-India average from 2011–12 to 2020–21. In 2011–12, each branch in Assam had deposits of ₹13.06 crore, which was 120.70% of the national average of ₹10.82 crore. This percentage was highest in 2014–15 at 136.12%, meaning Assam's branches were much more productive than the average branch in India at that time. After 2014–15, the percentage slowly went down and reached 104.06% in 2020–21. This shows that Assam branches are still slightly ahead, but the difference is getting smaller. The reason Assam's per-branch deposit is high is mainly because there are fewer branches in the state, not because the total deposits are very large. The decreasing trend also shows that deposits and branch expansion in other parts of India are growing faster. Overall, Assam's branches are doing well in handling deposits, but there is a need to open more branches and improve deposit collection to stay ahead. So, to maintain and enhance per-branch deposit growth, Assam Gramin

Vikash Bank should consider strategies such as expanding its branch network in underserved areas, adopting technology-driven deposit mobilization methods, and offering tailored financial products that meet the specific needs of rural and semi-urban customers.

3.1.2 ANNUAL VARIATION OF REGIONAL RURAL BANK DEPOSITS:

Deposit of all Regional Rural Banks in India, including Assam, has been increasing over the years in absolute figures, even in the age of cutthroat competition in the banking industry. The overall amount of deposits at Assam Gramin Vikash Bank is also continuously rising over the course of the study. It also shows that the bank is successfully reaching people in rural and semi-urban areas, which are helping to make the state more financially inclusive. Assam Gramin Vikash Bank has been able to grow its deposit base despite problems like poor incomes, reliance on farming, and competition from commercial and cooperative banks. The steady rise in deposits shows that the bank is running well and that it plays a vital function as an intermediary for finance in Assam's rural economy. This growing trend is easier to see when we look at how deposits at Regional Rural Banks grow each year. By looking at changes from year to year, we can see how quickly deposits are rising, find times when growth is fast or slow, and compare Assam Gramin Vikash Bank's performance to that of the national level. Moreover, monitoring annual deposit trends allows the bank to identify opportunities for further expansion, improve resource allocation, and strengthen risk management practices. The following table shows annual growth of total regional rural bank deposit. The growth rate of deposits for different years has been calculated as:

$$\text{Growth Rate} = \frac{\text{Current Year's Deposit} - \text{Previous Year's Deposit}}{\text{Previous Year's Deposit}} * 100$$

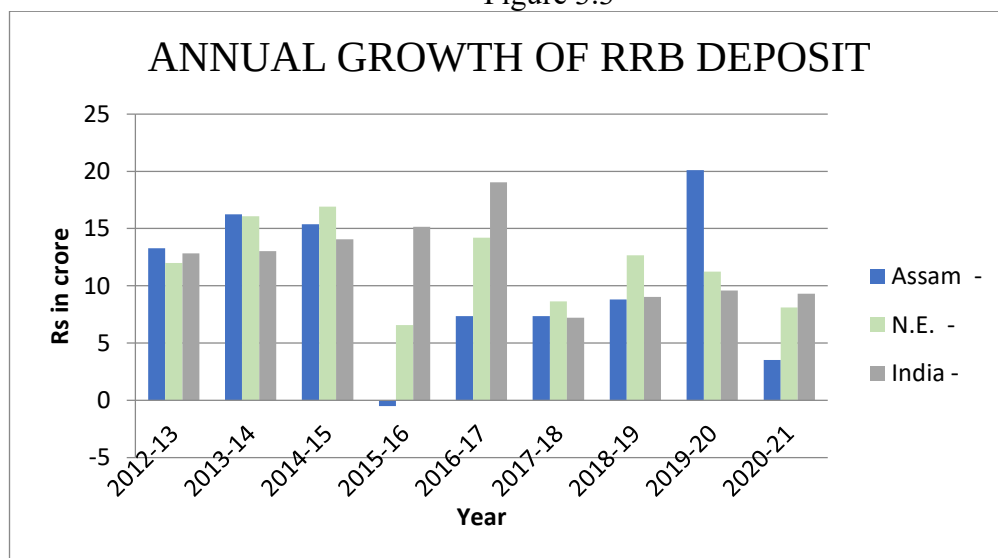
Table: 3.6

**ANNUAL GROWTH OF TOTAL REGIONAL RURAL BANK DEPOSIT
(ASSAM & INDIA)**

Year	Total RRB deposit (Rs. in crore)			ANNUAL GROWTH IN TOTAL RRB DEPOSIT (in percentage)		
	Assam	N.E.	India	Assam	N.E.	India
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011-12	4883.17	10000	183000	-	-	-
2012-13	5531.28	11200	206500	13.27	12	12.84
2013-14	6429.95	13000	233400	16.25	16.07	13.03
2014-15	7418.85	15200	266200	15.38	16.92	14.05
2015-16	7381.95	16200	306500	-0.5	6.58	15.14
2016-17	7924.2	18500	364900	7.35	14.2	19.05
2017-18	8507.47	20100	391200	7.36	8.65	7.21
2018-19	9257.46	22647	426568	8.82	12.67	9.04
2019-20	11118.34	25194	467422	20.1	11.25	9.58
2020-21	11509.99	27239	510900	3.52	8.12	9.3
CAGR%	9.9 %	11.77 %	12.08 %			

Source: Compiled from Key Statistics and Financial Statements of RRB
for the period of 2011-12 to 2020-21

Figure 3.3



The estimate of the annual growth of deposits of the regional rural bank in Assam and India indicated in the table 3.6 revealed that the annual increase in deposit mobilization in the state has been higher than all India levels from 2012-13 to 2014-15. Again in 2019-20 Assam was higher than all India level by 20%. In comparison to N.E. region only in 2012-13 it was higher and then decreased in 2018-19 and sudden increase in 2019-20 which was higher than in comparison to N.E. region and after 2019-20, it reduced to 3.52% in 2020-21 comparison to 8.12% for N.E. Region. Significantly, it was observed that the annual growth of deposits in the state was highest in the year 2019-20 (20.01%) and lowest in the year 2015-16 (-0.5%). Further, the compound annual growth rate of deposit of AGVB (9.9%) is lower than All India deposit during the period of study. This indicates that while Assam experienced periods of rapid growth in certain years, overall deposit mobilization has been moderate compared to the national trend. The fluctuations in annual growth reflect the influence of factors such as economic conditions, agricultural income variations, natural calamities, and competition from other banking institutions.

Thus, the rise in deposits mobilised by the RRBs is noteworthy and a welcome step. This would result in a reduction of dependence of RRBs on the sponsor banks and the government and help them to be self-sustained. Consequently, credit flow to the weaker sections in rural areas would be smooth and in the desired amount sufficient to the gap between credit demand and supply. An increasing deposit rate also shows increasing confidence among people in RRBs. It means that the RRBs have succeeded in inculcating banking habits among rural people and tapping idle resources by way of deposits and using them for productive purposes.

3.1.3 CATEGORY-WISE GROWTH RATE OF DEPOSITS OF REGIONAL RURAL BANK IN ASSAM

Due to the ever-increasing trend of branch banking in the country, almost every Regional Rural Bank, as well as a commercial bank, has been trying to mobilize as many deposits as possible. For this purpose, they have started several deposit schemes tailored for different types of depositors over and above the traditional deposit account, i.e., term deposit or fixed deposit, saving bank deposit and current account deposit. The Assam Gramin Vikash Bank parks the public

deposits of the public mainly in three different types of accounts: Current Account, savings deposit Account, and Term Deposit Account. In our analysis it has been observed that deposits of RRB in the state had been growing almost at par with the deposits of All India level. To understand the trend in the growth of deposits, it would be necessary to analyze the composition of deposits by type.

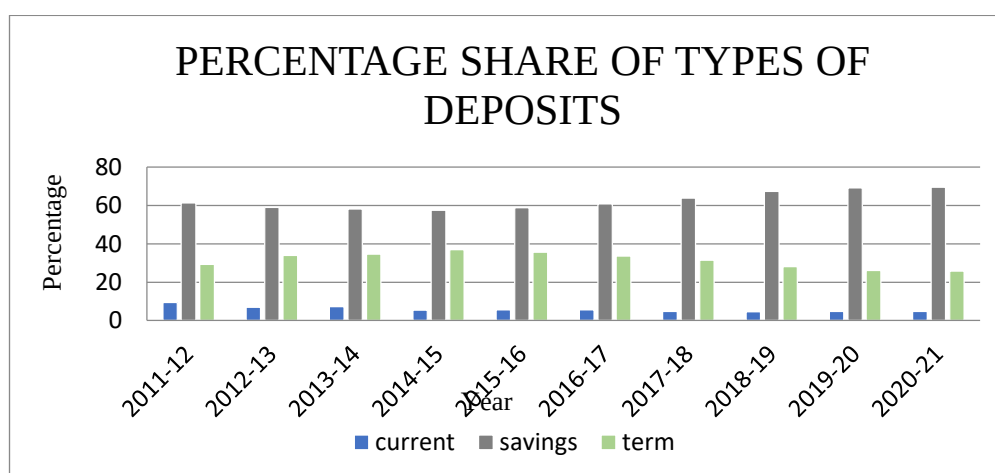
Table: 3.7

PERCENTAGE SHARE OF DIFFERENT TYPE OF DEPOSITS

YEAR	Deposits by Types (Rs. in crore)				Percentage share of different types of deposits		
	Current	Savings	Term	Total	Current	Savings	Term
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2011-12	463.98	2991.24	1427.95	4883.17	9.50	61.26	29.24
2012-13	385.51	3268.15	1877.62	5531.28	6.97	59.08	33.95
2013-14	463.77	3737.75	2228.43	6429.95	7.21	58.13	34.66
2014-15	404.08	4267.48	2747.29	7418.85	5.45	57.52	37.03
2015-16	413.78	4337.99	2630.18	7381.95	5.61	58.76	35.63
2016-17	441.03	4816.4	2666.77	7924.2	5.57	60.78	33.65
2017-18	404.09	5427.85	2675.53	8507.47	4.75	63.80	31.45
2018-19	430.14	6228.17	2599.15	9257.46	4.65	67.28	28.08
2019-20	520.34	7689.67	2908.33	11118.34	4.68	69.16	26.16
2020-21	550.38	7999.04	2960.57	11509.99	4.78	69.50	25.72
CAGR	1.91%	11.54%	8.43%	9.99%			

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

Figure 3.4



Pursuing through table 3.7 in 2011-12 the savings deposits had the highest percentage share (61.26%) followed by term deposits (29.24%) and current deposits (9.50%). By 2020-21 the share of savings deposits was high with (69.50%) while that of term deposit were (25.72%) and current account 4.78% respectively. From 2011-12 to 2020-21, it has been observed that percentage share of deposit by types, saving deposits is highest followed by term deposits. Current deposit is the lowest followed by CAGR of only 1.91%. The current deposit accounts are mainly transaction accounts for business purposes, witnessed a gradual decline in the rural areas, as there was no expansion of business activities in the rural areas compared to urban areas. This trend highlights that most of the money in Assam's rural banks comes from households and individuals. This shows that people in the area depend on regular savings rather than deposits for business or investment. The consistent rise in savings deposits also shows that rural customers are becoming more financially aware and confident of the banking system. The comparatively low percentage of term and current deposits, on the other hand, implies that there is still a lot of possibility to move long-term and business-related funds in rural areas. This shows that the bank needs to come up with new products and ways to reach out to people to get more people to open term and current accounts. This will diversify its deposit base and improve overall financial inclusion.

Thus, Assam Gramin Vikash Bank has shown a steady rise in total deposits over the study period. This shows that people are becoming more trusting and confident in the banking system. The savings deposits dominate the overall deposit structure, reflecting the reliance of rural households on regular savings and the success of the bank's efforts in promoting financial inclusion. The high per-branch deposit in Assam indicates that branches are efficiently mobilising its resources, even though the total number of branches remains relatively low compared to the national average. However, the relatively low share and slow growth of term and current deposits point to untapped opportunities for attracting long-term savings and business-related

funds. This suggests a need for the bank to innovate deposit products, strengthen customer awareness, and expand outreach in semi-urban and urban areas while continuing to consolidate its rural presence. Overall, while deposit mobilization has been satisfactory, strategic expansion and diversification of the deposit base are essential to sustain growth, improve financial stability, and enhance the bank's role as a key financial intermediary in Assam's rural economy.

3.2 GROWTH OF BANK CREDIT IN ASSAM

The main objective of the regional rural banks has been to extend credit to small and marginal farmers, landless labourers, rural artisans, and small businessmen so that they can use it for meaningful, productive ventures. This policy of the Regional Rural Banks has been based upon the development of the poor class of the people, generally living in villages. Their upliftment will save them from misery and bring them up as an ideal citizen of a democratic country like India. This will ultimately improve the economic condition of the country's rural people. Regional Rural Banks have a large branch network in rural areas of Assam. With their extensive presence across rural Assam and their focus on region-specific banking, Regional Rural Banks were expected to meet the credit needs of rural communities and strengthen the local banking infrastructure through close engagement with local authorities and residents. Although these banks have succeeded in mobilizing small savings from rural households, they have been comparatively less effective in expanding credit access to the intended rural poor. As mentioned earlier, before amalgamation in 2005, there were 5 regional rural banks in Assam. Total bank credit outstanding was 803.87 crore in 2005. By 2020-21, it was increased to 4403.59 crore, resulting in only 18.25% growth. The share of the credit of the regional rural bank in the state out of the country's total was negligible. There existed a wide discrepancy regarding bank credit between Assam and the All-India level. The following table shows total credit given by regional rural bank in terms of India, Northeast and Assam.

Table: 3.8
PERCENTAGE SHARE OF RRB CREDIT OF ASSAM TO THE TOTAL RRB IN INDIA

YEAR	Total RRB Credit (Rs. in crore)			Percentage share of Assam to all India	Percentage share of Assam to N.E. Region Total
	India	N.E.	Assam		
(1)	(2)	(3)	(4)	(5)	(6)
2011-12	116600	4700	2601.55	2.23	55.35
2012-13	136700	5500	3113.52	2.28	56.61
2013-14	159000	6400	3667.7	2.31	57.31
2014-15	181200	7200	3911.33	2.16	54.32
2015-16	206700	8000	4132.19	2.00	51.65
2016-17	229210	8400	4147.84	1.81	49.38
2017-18	238600	8800	3914.8	1.64	44.49
2018-19	284494	9015	3646	1.28	40.44
2019-20	301051	9443	4042.89	1.34	42.81
2020-21	339609	10425	4403.59	1.30	42.24

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

As revealed in table 3.8, the percentage share of the credit of the RRB in Assam was less than 3 percent during the period under the study (2011-12 to 2020-21). The percentage share of Assam credit to the North Eastern Region was highest in 2013-14 (57.31%) and lowest in 2018-19 (40.49%). However, the percentage share of Assam goes down from 2.2% in 2011-12 to 1.30% in 2020-21. The figure clearly shows the variation in the growth rate of advances. It may be observed that there is much variation in the growth rate of advances of Assam Gramin Vikash Bank as compared to the growth rate of advances of all Regional Rural Banks of India during the period of study. In terms of percentage share of Assam to N.E. region, Assam holds alone more than 40 percent of credit while the rest 6 states of N.E. hold together 60 percent which implies Assam's share of credit is more compared to other states of N.E. The annual growth of RRBs in the state, N.E. and India is shown below in the following table.

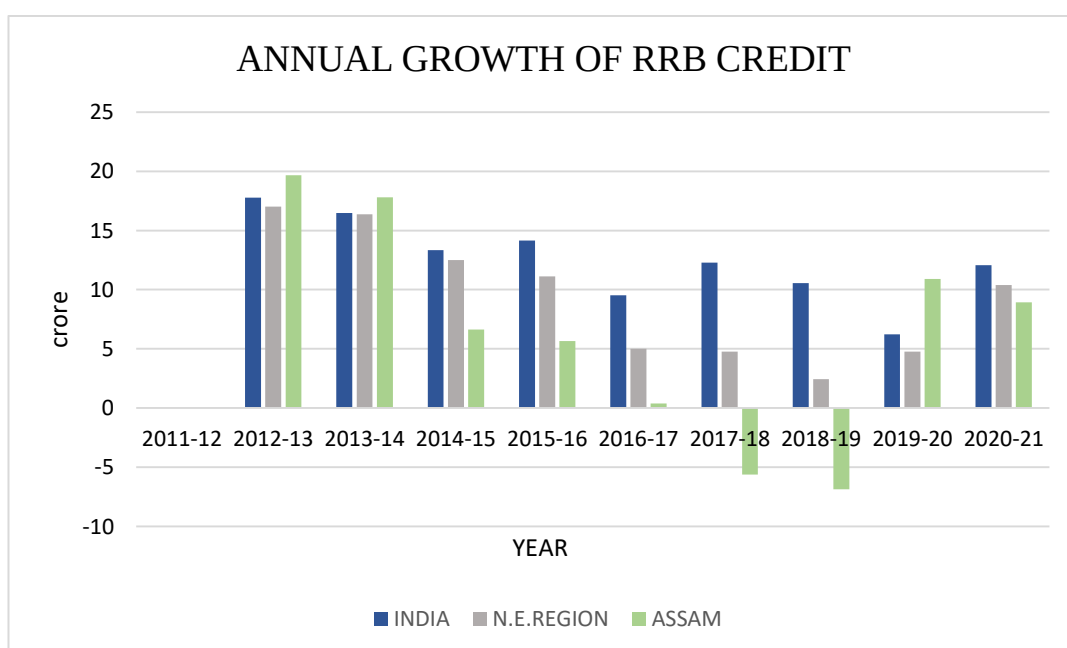
Table: 3.9

**TOTAL OUTSTANDING CREDIT & ITS ANNUAL GROWTH FOR
RRB IN INDIA AND ASSAM**

Year	Total RRB Credit (Rs. in crore)			Annual growth of outstanding credit		
	India	N.E.	Assam	India	N.E.	Assam
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011-12	116385	4700	2601.55	-	-	-
2012-13	137078	5500	3113.52	17.78	17.02	19.68
2013-14	159660	6400	3667.7	16.47	16.36	17.80
2014-15	180955	7200	3911.33	13.34	12.50	6.64
2015-16	206538	8000	4132.19	14.14	11.11	5.65
2016-17	226175	8400	4147.84	9.51	5.00	0.38
2017-18	253978	8800	3914.8	12.29	4.76	-5.62
2018-19	280755	9015	3646	10.54	2.44	-6.87
2019-20	298214	9443	4042.89	6.22	4.75	10.89
2020-21	334171	10425	4403.59	12.06	10.40	8.92
CAGR %	12%	9%	6%			

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

Figure 3.5



From the table 3.9 it can be observed that compared to All India credit, the annual growth is highest in 2012-13 (19.68%), 2013-14 (17.80%) and 2019-20 (10.89%). The growth rate of advances of regional rural banks in the state was negative in the year 2017-18 (-5.62%) and 2018-19 (-6.87%) as from 2018 the bank was operating in a challenging environment with rising asset-quality pressures and profitability issues which constrained aggressive lending. At the same time, NABARD's focus in Assam during 2018-19 shifted towards joint-liability group linkage and inclusive rural finance programmes in the State likely causing a reallocation of focus from volume-driven advances to specialised products. This is pertinent to consider this fact and more steps are required to be taken by the concerned authority for its improvement however, it is worth mentioning despite the negative growth rate, Assam stood highest in the year 2012-13 (19.68%), 2013-14 (17.80%) and 2019-20, (10.89%) concerning India and Northeast. This pattern highlights the resilience of Assam's regional rural banks in maintaining strong credit growth during certain years despite operational and structural challenges. It also indicates that the banks have the potential to recover quickly when favourable conditions and supportive policies are in place.

3.2.1 CREDIT PER BRANCH OF REGIONAL RURAL BANKS:

Access to adequate credit is one of the most important factors in promoting inclusive growth and improving the economic well-being of rural populations. It enables farmers to invest in agricultural inputs, small entrepreneurs to expand their businesses, and rural households to meet essential needs, thereby fostering overall regional development. Credit plays a critical role in supporting rural development, agricultural growth, and small-scale enterprises, making it an important indicator of the performance of regional rural banks. It has been observed that the proportionate share of the credit of the regional rural banks in the state was less than 3 percent in the total credit of regional rural banks at the All-India level, consequently, the per branch credit of regional rural banks in the state was up to same proportion from the year 2011-12 to 2016-17. The figures indicated in table 3.10 which shows the per branch outstanding credit for regional rural banks in Assam and India revealed that the credit per branch for the state decreased from the year 2017-18 to 2020-21 as compared to All India level.

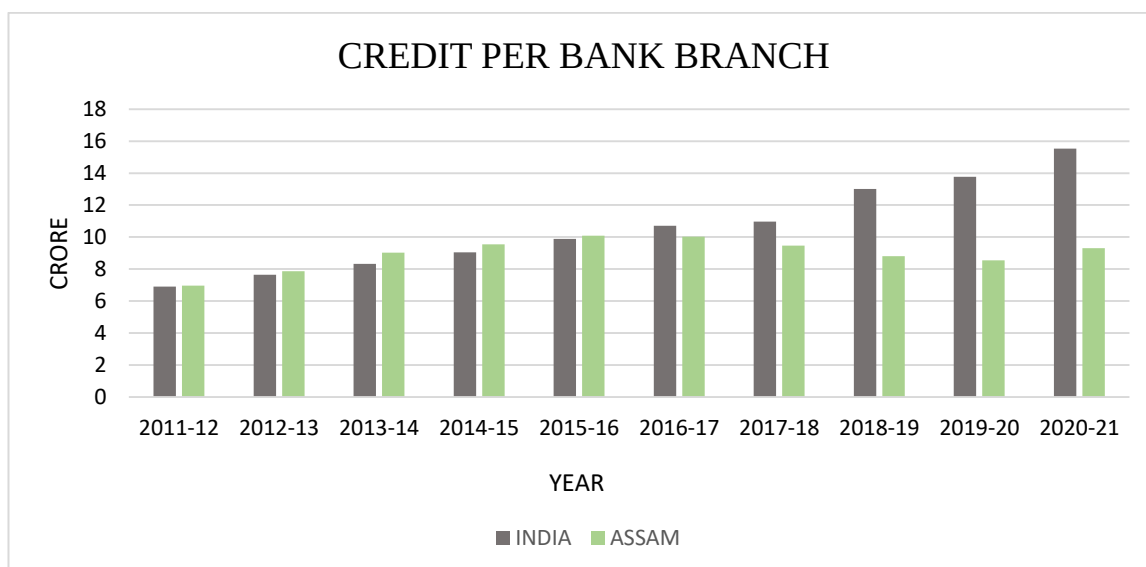
Table: 3.10

CREDIT PER BANK BRANCH OF RRB IN ASSAM AND INDIA

Year	Per Branch outstanding(Rs. in crore)		% share of outstanding bank credit in Assam to all the India total
	India	Assam	
(1)	(2)	(3)	(4)
2011-12	6.90	6.96	100.87
2012-13	7.65	7.86	102.73
2013-14	8.33	9.03	108.42
2014-15	9.05	9.54	105.42
2015-16	9.88	10.08	102.00
2016-17	10.70	10.02	93.64
2017-18	10.97	9.46	86.19
2018-19	13.01	8.81	67.70
2019-20	13.78	8.55	62.03
2020-21	15.54	9.31	59.92

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

Figure 3.6



As observed from the table 3.10 that the credit per branch of the state was highest in 2013-14 and 2015-16 by 9.03% and 10.08% and thereafter it declined sharply to 9.31% in 2020-21. The percentage share of outstanding bank credit in Assam to all India credit was highest in 2013-14 at 108.42 percent and thereafter declined sharply to 59.92 percent in 2020-21. It is surprising to perceive that the quantum of per branch deposit is more as compared to per branch credit in the state of Assam. It visualizes that the rural bank branches are unable to extend the requisite effort in the extension of credit. However, low branches and low credits leads to decrease in per branch credit in the state. Therefore, Assam Gramin Vikash Bank needs to take more proactive steps to fix this problem. It needs to improve its loan appraisal and recovery systems and focus on lending to priority sectors, especially agriculture, microenterprises, and small rural businesses. Connecting deposits and advances in a smart way will not only boost credit growth for each branch, but it will also help the bank's overall contribution to rural economic development. Additionally, financial literacy programs and targeted awareness campaigns can encourage borrowers to avail of credit facilities, thereby improving both credit utilization and sustainable growth of the bank.

3.2.2 COMPOSITION OF REGIONAL RURAL BANK CREDIT ACCORDING TO SECTORS:

In Assam, more than 75 percent of the population relies directly or indirectly on agriculture for their livelihood. For many, farming has remained a traditional occupation rather than being viewed as a sector with potential for higher income through modernization. The credit needs of farmers generally fall into two categories—productive and unproductive loans. Productive credit is required for activities such as purchasing seeds, fertilizers, farm equipment, livestock, paying land revenue, and undertaking permanent land improvements. Alongside these, farmers often borrow for non-productive purposes, including expenses related to marriages, social ceremonies, house repairs, legal matters, and medical treatment. In this context, Assam Gramin Vikash Bank classifies its lending into two main categories: priority sector and non-priority sector advances. the priority sector lending primarily emphasizes supporting agriculture, small-scale industries, self-help groups, and other segments that play a direct role in promoting rural development.

While non-priority sector loans address broader commercial and personal financial requirements.

As stated earlier, before bank nationalisation, commercial banks largely focused on financing trade, industry, and commerce, while critical sectors such as agriculture, small-scale industries, and self-employment ventures were overlooked. These sectors required special attention not only because of their high potential for generating employment but also due to their substantial contribution to the national income. To address this gap, the concept of priority sector lending was introduced to ensure a greater and more targeted flow of credit to these vital areas of the economy. In May 1971, the RBI set up an Informal Study Group on Statistics relating to the Priority Sector. Based on the group's recommendations, the priority sector framework was formally defined in 1972, encompassing sectors previously neglected by commercial banks. Consequently, the RBI issued detailed guidelines outlining the categories that would fall under priority sector lending. These included agriculture, small-scale industries, industrial estates, small transport operations, professional and self-employment ventures, and export credit facilities. Following this development, from 1972 onwards, nationalised banks were instructed to give greater emphasis to extending credit to these priority segments, ensuring more inclusive and balanced economic development. Thus, over time, the priority sector concept became a cornerstone of India's financial inclusion strategy, ensuring that rural and semi-urban areas, along with economically weaker sections, had access to institutional credit. The regulatory measures such as priority sector lending targets, concessional interest rates, and monitoring mechanisms were introduced to strengthen implementation of these sectors. These efforts not only helped in bridging the credit gap for neglected sectors but also promoted equitable economic growth, increased employment opportunities, and facilitated the development of small enterprises. The following table shows distribution of priority and non-priority sector lending of the bank.

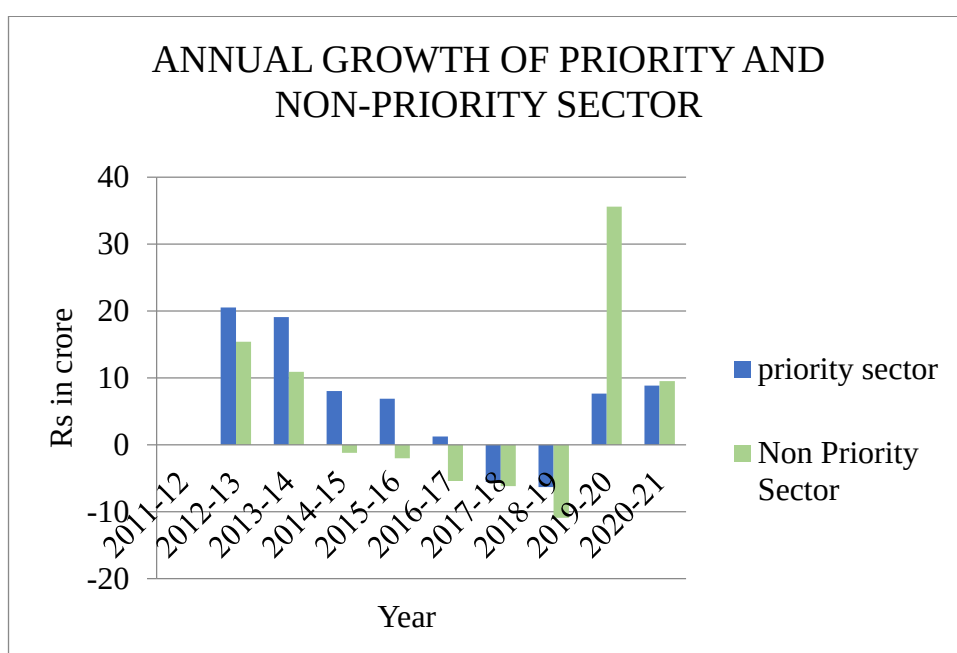
Table: 3.11

ANNUAL GROWTH OF OUTSTANDING CREDIT BY SECTORS OF AGVB

Year	SECTOR (Rs. in crore)			ANNUAL GROWTH		
	Priority Sector	Non-Priority Sector	Total	Priority Sector	Non-Priority Sector	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011-12	2172.33	429.22	2601.55	-	-	-
2012-13	2618.16	495.36	3113.52	20.52	15.41	19.68
2013-14	3118.32	549.38	3667.7	19.10	10.91	17.80
2014-15	3368.64	542.69	3911.33	8.03	(-1.22)	6.64
2015-16	3600.44	531.75	4132.19	6.88	(-2.02)	5.65
2016-17	3644.91	502.93	4147.84	1.24	(-5.42)	0.38
2017-18	3442.9	471.9	3914.8	(-5.54)	(-6.17)	(-5.62)
2018-19	3225.65	420.35	3646	(-6.31)	(-10.92)	(-6.87)
2019-20	3472.98	569.91	4042.89	7.67	35.58	10.89
2020-21	3779.43	624.16	4403.59	8.82	9.52	8.92
CAGR %	6.34%	4.24%	6.02%			

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

Figure 3.7



The table 3.11 reveals the trend of different types of advances based on priority and non-priority sectors of Assam Gramin Vikash Bank. The total priority advances of the bank were 2172.33 crore in 2011-12, and it has increased to 3779.43 crore with a CAGR of 6.34%. Although the amount of priority sector advances has been increasing over the years, the bank has not been able to increase the proportion of non-priority sector advances. In 2017-18 and 2018-19 the annual growth of the priority sector shows a negative trend with (-5.54%) and (-6.31%) due to gradual rise in NPA and loss faced by the bank from 2016-17. However, in non-priority sector negative growth is observed for five years consecutively from 2014-15 to 2018-19. This trend is not a matter of concern, as the fundamental mandate of Regional Rural Banks is to prioritize lending to the priority sector. As per regulatory guidelines, Regional Rural Banks are required to target of 75 percent of their outstanding advances for priority sector lending. However, from 2011–12 to 2020–21, the share of priority sector advances as a percentage of total credit ranged between approximately 83% and 88%, well above the regulatory requirement. This consistent focus on the priority sector highlights the commitment of the bank in fulfilling its social and developmental responsibilities. It also indicates effective alignment of lending policies with the broader goals of financial inclusion, rural development, and support for agriculture, small-scale industries, and self-employment ventures.

The sector-wise classification of credit by Regional Rural Banks has been in place since their inception, with the primary objective of channelizing their limited financial resources toward key sectors of the economy that align with the developmental priorities of each state. As the Indian economy has traditionally been agrarian in nature, the major focus has been on ensuring greater credit flow to agriculture, along with support to other priority and non-priority sectors that generate large-scale employment and contribute to rural prosperity. The bank also places strong emphasis on fostering rural development by extending credit to agriculture, micro, small and medium enterprises (MSMEs), trade and services, and other productive sectors. Special attention is given to providing credit support to small and marginal farmers, agricultural labourers, artisans, small entrepreneurs, and self-help groups (SHGs), thereby promoting inclusive growth. The details of priority sector advances are given below in the following table.

Table: 3.12**PERCENTAGE SHARE OF SECTOR WISE ADVANCES TO TOTAL PRIORITY SECTOR**

YEAR	AGRIL. & ALLIED		SSI/MSME		SERVICES		HOUSING LOAN		TOTAL PRIORITY	
	AMOUNT (crore)	% to total	AMOUNT (crore)	% to total	AMOUNT (crore)	% to total	AMOUNT (crore)	% to total	AMOUNT (crore)	% to total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2011-12	757.61	29.12	754.25	28.99	360.84	13.87	299.64	11.52	2172.34	83.50
2012-13	1089.59	35	947.19	30.42	283.27	9.1	298.12	9.57	2618.17	84.09
2013-14	1391.73	37.95	1380.73	37.65	42.68	1.16	303.19	8.27	3118.32	85.02
2014-15	1561.64	39.93	1477.86	37.78	43.85	1.12	285.27	7.29	3368.62	86.13
2015-16	1697.81	41.09	1542.66	37.33	76.63	1.85	283.73	6.86	3600.83	87.13
2016-17	1857.93	44.79	1493.04	36	44.17	1.06	249.76	6.02	3644.90	87.87
2017-18	1847.47	47.19	1313.93	33.56	72.23	1.85	209.28	5.35	3442.90	87.95
2018-19	1819.14	49.89	1159.43	31.8	65.53	1.8	181.56	4.98	3225.65	88.47
2019-20	1989.66	49.21	1064.6	26.3	115.19	2.85	303.51	7.51	3472.96	85.90
2020-21	2300.97	52.25	1039.87	23.61	46	1.04	392.57	8.91	3779.41	85.83

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

From the figures indicated in the table 3.12, which shows the composition of outstanding bank credit by sectors, it is observed that the share of agricultural credit in the state economy had gone up from 757.61 crore in 2011-12 to 2300.97 crore in 2020-21. Likewise advances made to SSI/MSME have increased from 754.25 crore in 2012 to 1542.66 crore in 2015-16 then gradually start decreasing from 2016-17 due to rise in NPA in industrial sector, which prompted the bank to adopt a more cautious lending approach. The advances to the services sector remained relatively low throughout the period, contributing only 1–3% of priority sector credit, while housing loans increased gradually from ₹299.64 crore to ₹392.57 crore, maintaining a modest share of 5 to 11%. Overall, the trends indicate that the bank has been effective in channelizing funds to agriculture and rural development while exercising prudence in industrial lending. However, there is potential to diversify credit further by enhancing support to MSMEs and service-related activities, which would strengthen the bank's role in promoting broader economic growth in Assam.

Hence, the foregoing analysis reveals that the bank credit forms a crucial part of business finance. The share of credit of regional rural bank in Assam to the total bank credit in India has been less than three percent and is declining over the years. Also, the disparity in respect of per branch bank credit in Assam vis-à-vis the All-India level had increased before amalgamation process then again reduced. The slowdown in credit growth can largely be attributed to cautious lending practices adopted in response to rising non-performing assets, particularly in the industrial and MSME sectors. Moreover, one of the key requirements for sustained credit growth is the effective recovery of disbursed loans. Without ensuring timely loan repayments and reducing NPAs, the expansion of credit in the state will continue to be constrained. Thus, the bank needs to focus on making loan monitoring and recovery systems stronger, coming up with new lending products, teaching borrowers about money, and using government credit support programs to improve credit penetration. By dealing with these problems, the bank can improve the effective use of credit, help the economy grow in a way that includes everyone, and make sure that both small businesses and farmers get the money they need.

3.3 CREDIT-DEPOSIT RATIO OF BANK

Banks play a vital role in mobilizing and allocating financial resources within an economy. A strong and stable financial position of a bank not only safeguards the interests of its depositors but also contributes significantly to the overall stability and growth of the national economy. The credit-deposit ratio is the proportion of loans created by banks from deposits they receive; in other words, the capacity of banks to lend. A high ratio indicates banks are generating more credit from their deposits. Conversely, a low ratio may suggest underutilization of available funds or more cautious about lending policies. This ratio is therefore a key indicator of a bank's operational efficiency and its contribution to economic growth. Moreover, it helps the policymakers and banking authorities to assess the balance between resource mobilization and credit deployment, ensuring that funds collected from depositors are effectively channelized into sectors that drive development, employment, and overall financial stability.

In this context, the banking system in India has evolved to deliver a diversified, efficient, and competitive financial system with the primary objective of improving the allocation of resources with better operational flexibility. The Reserve Bank of India has often pushed banks to offer more financial services. The credit-to-deposit ratio shows how much money banks make from the deposits they get. The higher the ratio, the higher the loan assets are created from the deposits, leading to more income-generation options for the banks. The banks in India have to maintain a certain portion of deposits as reserves with RBI through the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). Only after that do banks have available funds to mobilize for loans to various sectors (Kumar)⁵. While the RBI benchmark for the CD ratio to be maintained by the regional rural banks of the country is 60 percent, in so far as regional rural banks in Assam is concerned, the CDR was found to be substantially lower than the stipulated percentage. The proportion of credit deployed against deposits mobilised for 2011-12 to 2020-21 is exhibited below. The formula for CD ratio is:

$$\text{Credit Deposit Ratio} = \frac{\text{Total Advances}}{\text{Total Deposit}} \times 100$$

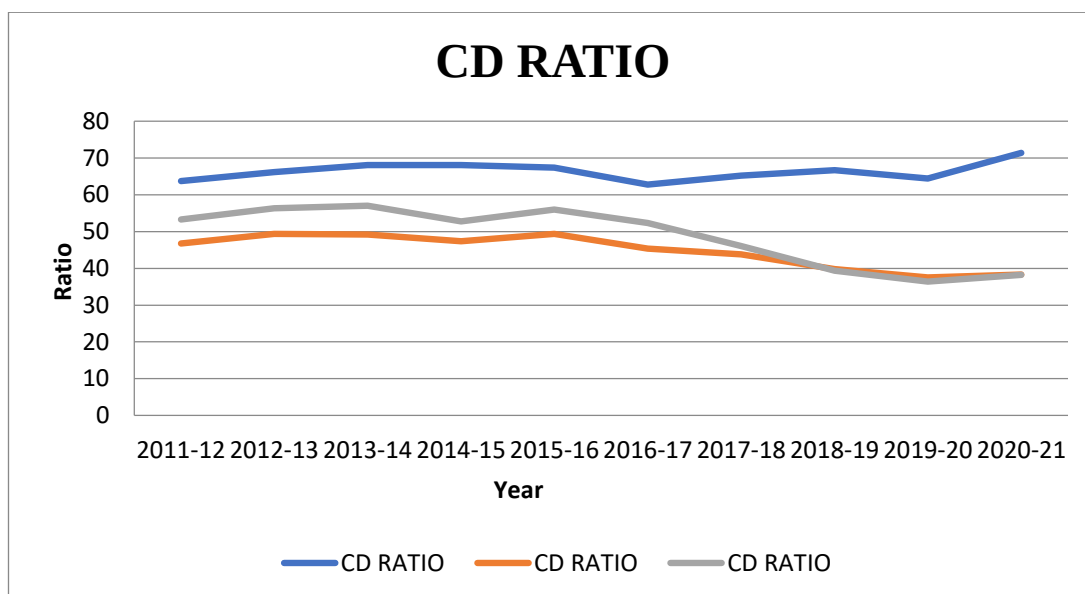
Table: 3.13

TREND OF CREDIT DEPOSIT RATIO RRB IN INDIA & ASSAM

YEAR	CD RATIO			ANNUAL GROWTH		
	INDIA	N.E.	ASSAM	INDIA	N.E.	ASSAM
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011-12	63.7	46.8	53.28	-	-	-
2012-13	66.2	49.4	56.29	3.92	5.56	5.65
2013-14	68.1	49.2	57.04	2.87	(-0.40)	1.33
2014-15	68.1	47.4	52.72	0.00	(-3.66)	(-7.57)
2015-16	67.4	49.4	55.98	(-1.03)	4.22	6.18
2016-17	62.8	45.4	52.34	(-6.82)	(-8.10)	(-6.50)
2017-18	65.2	43.8	46.02	3.82	(-3.52)	(-12.07)
2018-19	66.7	39.8	39.38	2.30	(-9.13)	(-14.42)
2019-20	64.4	37.5	36.36	(-3.45)	(-5.78)	(-7.66)
2020-21	71.4	38.3	38.26	10.87	2.13	5.22
CAGR %	0.0128	-0.02	-0.03			

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

Figure 3.8



It has been observed from table 3.13 that CDR for regional rural banks in Assam was never higher than 60 percent from 2011-12 to 2020-21. However, the trend in CDR of India was always above 60 percent. India's higher ratios suggest stronger credit demand, while Northeast and Assam indicate conservative lending or weak demand. The study also reveals that CD ratio of AGVB comes down from 2016-17, as because the bank has started facing loss for the first time from that particular year, which make the bank more cautious in lending. The difference between Assam and the national average shows how structural problems like risk-averse lending policies, low levels of industrial activity, and cautious credit strategies hold the state behind. However, the penetration of credit can be known when the amount of credit deployed in a region is studied against the deposits mobilised in the other region. Therefore, the Credit deposit ratio has been considered for comparing the status of deployment of credit in different regions of India. The table presents the region-wise CD ratio in India.

Table 3.14 Regions-wise Credit Deposit Ratio (%)

Year	North	NER	East	Central	West	South	All India
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2011-12	66.8	46.8	48.9	50.6	52.9	102.9	63.7
2012-13	67.3	49.4	50.8	51.6	60.6	105.8	66.2
2013-14	68.6	49.2	53.1	54.9	62	104.8	68.1
2014-15	70.4	47.4	53.4	56.5	62.4	98.8	68.1
2015-16	71.8	49.4	50.7	57.5	65.8	92.3	67.4
2016-17	65.6	45.4	47.3	53	63	87.2	62.8
2017-18	68.3	43.8	47.8	52.8	59.3	96.4	65.2
2018-19	68.2	39.8	47.2	55.2	62.5	99.7	66.7
2019-20	65.7	37.5	46.4	52.8	57.7	96.7	64.4
2020-21	66.1	38.3	48.8	53.3	58.4	100.7	71.4
CV	2.99	10.39	4.99	4.02	5.93	5.79	3.81
CAGR	-0.12	-2.20	-0.02	0.58	1.11	-0.24	1.28

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

The table 3.14 shows that the lowest percentage of CD Ratio was observable in the N.E. region throughout the decade. CD Ratio of the N.E. region was only 46.8 percent in 2011-12, which further deteriorated to 38.3 percent in 2020-21, depicting a depressive CD ratio prevailing in the region. Besides, the variability of the CD ratio was also highest in the N.E. region (10.39%). Regarding the revealing of the most forward regions, it is observed that during the beginning of the decade, i.e., in 2011-12, the southern region enjoyed the highest ratio (102.9%) and at the end of the decade, i.e. 2020-21, the Southern region only recorded a highest CD ratio of 100.7 percent. Hence, it is conclusive that the growth of the CD ratio was lowest in the N.E. region.

Thus, in light of the above discussion, it becomes evident that CDR is one of the simplest estimates that reflect approximately the functioning of the banking business in a region. The CDR of regional rural banks at the All-India level was never below 60 percent, significantly reducing imbalances in the country. Assam's regional rural bank's CDR was never above 60 percent. These banks are crucial in sustaining economic growth by extending credit to different productive sectors. Hence, to attain balanced economic growth, there has to be equitable credit amongst different regions of an economy. The government should spread the branches of RRBs to the grassroots level to provide banking and credit services to needy people in rural India, and there should be research-based investigation to make the rural bank branches more effective in deposit mobilization and productive credit allocation. Moreover, it is the responsibility of the bank management and the sponsored bank to make the change for corrective measures to raise the credit-deposit ratio of the bank. By improving operational efficiency and promoting financial inclusion, RRBs can not only boost rural economic development but also contribute significantly to the overall stability and growth of the national economy. Ultimately, a coordinated effort between the government, regulatory authorities, sponsoring banks, and RRB management can transform the rural banking sector into a more dynamic and effective instrument for inclusive growth, ensuring that both deposits and credit are utilized optimally to support sustainable economic development across Assam and the broader North-Eastern region.

3.4 NON PERFORMING ASSETS OF AGVB:

Non-Performing Assets (NPAs) refer to that portion of a bank's credit portfolio which remains overdue for a specified period generally 90 days and fails to generate the expected income for the bank (RBI, 2021)⁶. NPAs hold immense importance in evaluating the financial health of banks, as their growth has a direct bearing on profitability and liquidity. When loans become non-performing, banks stop earning interest income and must make higher provisions, which significantly reduces their net profits and return on assets (Mohan, 2019)⁷. Moreover, persistently high NPAs adversely affect liquidity because funds locked in irrecoverable loans cannot be deployed for productive lending, thereby weakening banks credit expansion capacity (Sharma & Kumar, 2020)⁸. Rising NPAs also erode capital adequacy, as increased provisioning requirements diminish the bank's capital base, ultimately affecting long-term stability (RBI, 2020)⁹. It also poses significant challenges to bank profitability by affecting revenue streams, increasing operational costs, and eroding capital bases. The reduction in interest income from defaulted loans, coupled with the need for higher provisioning for loan losses, directly impacts net earnings (Vasappa)¹⁰. Therefore, the level and trend of NPAs serve as a crucial barometer of asset quality and operational soundness, with low and declining NPAs indicating efficient credit administration and strong recovery mechanisms. Conversely, poor loan recovery results in an escalation of NPAs, which can threaten the financial viability of banks. Thus, NPA is of immense importance as the growth of the variable has a direct bearing on the profitability and liquidity of the banks. Furthermore, NPAs also have broader implications for the economy. High levels of non-performing assets also constrain the ability of banks to extend fresh credit, which can slow down investment, entrepreneurship, and overall economic growth. They may also increase the cost of borrowing for borrowers, as banks attempt to compensate for losses through higher interest rates on performing loans. For regional rural banks like Assam Gramin Vikash Bank, controlling NPAs is particularly critical, as a significant portion of lending is directed toward agriculture and small enterprises, sectors that are inherently more vulnerable to external shocks such as floods, droughts, and market fluctuations. The following table shows the gross NPA and net NPA of the bank.

Table 3.15
GROSS AND NET NPA OF AGVB

Year	Advances (in crore)	Gross NPA (in crore)	Net NPA (in crore)	% of net NPA to net advances	Gross NPA%
(1)	(2)	(3)	(4)	(5)	(6)
2011-12	2601.55	155.26	83.67	3.3	5.97
2012-13	3113.52	190.47	91.57	3.04	6.12
2013-14	3667.7	363.57	168.86	4.86	9.91
2014-15	3911.33	359.14	147.56	3.99	9.18
2015-16	4132.19	844.51	607.96	15.61	20.44
2016-17	4147.84	1074.34	767.9	19.99	25.90
2017-18	3914.8	1482.69	1025.97	29.67	37.87
2018-19	3646	1711.88	1208.1	38.45	46.95
2019-20	4042.89	1501.62	997.74	28.19	37.14
2020-21	4403.59	1473.27	606.23	22.83	33.46

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

The above table 3.15 shows that the gross NPA of AGVB has increased from 5.97% in 2011-12 to 33.46% in 2020-21. In percentage terms, net NPA to net advances of the bank has also increased from 3.3% in 2011-12 to 22.83% in 2020-21. This trend of significant rise in the gross NPA and Net NPA of the bank does not appear to be the result of good loaning policies and their follow-up. NPAs have been posing the biggest challenge for RRBs as increased NPAs affect the profitability and liquidity of the bank. The government of India has tried to develop many schemes and tools to reduce non-performing assets by introducing internal checks, control schemes and patterns of borrowings. As these banks were facing heavy losses the GOI took steps to improve the performance of RRBs by amalgamating the RRBs in 2005. However various factors responsible for the incidence of NPAs can be divided into two categories i.e. external factors, and internal factors. The external factors include wilful defaulters, non-viable activities, natural calamity supervision lack of support from the government and its related agencies local law and order situation and weak legal framework. In contrast, the internal factors include a lack of credit appraisal skills, lack of an effective mechanism for pre-sanction appraisal, faulty

post-credit, negative attitude of dealing staff towards the borrowers/guarantors, lack of information-collecting skill, imbalance coordination between the branch functionary and controlling office-functionaries, lack of timing of various loaning activities, and lack of required field staff. In the bank, internal factors are mainly responsible for the increase in non-performing assets to a greater extent. However, the bank has been taking special initiatives to control NPA from early days. Some of them are:

- The bank has been issuing notices to defaulter borrowers centrally from the Head office, apart from telephonic contacts has also been made with the NPA borrowers by head officials regularly.
- Use of Mobile Recovery Van through all Regional Offices
- Participation in Lok Adalat for settlements of sticky advances
- Due to increase no. of NPA during the year 2015-16, 5808 no. of compromise proposals settled during the year and Enforcement of SARFAESI Act was enabled.
- After continuous increasing of NPA branches have organising at least 2 no's of recovery camps every month for recovery stress.

In addition to these measures, the bank is increasingly adopting technology-based monitoring systems to track overdue accounts, identify early warning signals, and prioritize high-risk borrowers for timely intervention. Staff training programs on effective recovery techniques and customer counselling have also been implemented to improve recovery efficiency. By combining proactive recovery initiatives with preventive measures such as credit appraisal, borrower evaluation, and risk assessment, Assam Gramin Vikash Bank aims to gradually reduce NPAs, strengthen asset quality, and ensure sustainable growth. In order to provide necessary cushion against potential credit losses, the bank has also made adequate provisions which will take care of any future eventuality. As NPAs continued to rise, the bank correspondingly increased its provisioning from year to year. From 2013–14 onward, the bank's provisions increased significantly (₹116.32 crore), reflecting its response to the growth in both gross and net NPAs. The spike in provisions in 2015–16 (₹71.06 crore), 2016–17 (₹103.46 crore), and especially 2017–18 (₹201.74 crore) aligns with the years when the bank experienced severe deterioration in asset quality. These higher provisions demonstrate the bank's attempt

to comply with prudential norms and to cushion its balance sheet from rising credit risk. Overall, the consistent increase in provisioning demonstrates the bank's proactive approach to risk management and its commitment to maintaining financial stability. By strengthening its provision coverage during periods of heightened stress, the bank aims to reduce future vulnerabilities, improve asset quality, and enhance the confidence of depositors, regulators, and stakeholders. These measures collectively reinforce the bank's resilience and position it to face future challenges in the evolving banking landscape.

In this context, understanding the behaviour of loan assets becomes crucial, as effective provisioning is closely linked to the accurate identification and classification of stressed accounts. So, asset classification provides a systematic way of identifying the degree of recovery risk associated with each loan and helps in evaluating the overall financial health of the bank. In line with regulatory norms, banks are required to classify their loan assets according to their repayment status and the likelihood of default. For better understanding classification of assets has been done in compliance to RBI guidelines. These assets have been classified as standard assets, sub-standard assets, doubtful assets, and loss assets. This systematic classification not only helps the bank in assessing credit risk but also in maintaining adequate capital buffers, planning recovery strategies, and ensuring regulatory compliance. Furthermore, regular monitoring and timely reclassification of assets enable the bank to take proactive measures in managing NPAs, minimize potential losses, and strengthen overall financial stability. Additionally, proper asset classification allows the bank to identify emerging stress in the loan portfolio early, prioritize recovery efforts, and allocate resources efficiently. It also provides transparency for regulators, investors, and stakeholders regarding the quality of the bank's assets and the potential risks involved. Effective asset classification is therefore a critical tool for risk management, operational efficiency, and the long-term sustainability of the banking institution. The following table shows various assets classifications of the bank which help to assess the quality of the loan portfolio, identify stressed accounts, determine appropriate provisioning, and formulate effective recovery strategies.

Table 3.16**Asset Classification (in crore)**

Year	Standard assets	Sub-standard assets	Doubtful assets I	Doubtful assets II	loss assets	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2011-12	2446.29	63.12	29.50	21.46	41.17	2601.56
2012-13	2923.04	62.83	63.50	24.67	39.45	3113.52
2013-14	3304.12	168.16	66.21	40.31	88.87	3667.70
2014-15	3552.19	107.18	105.03	62.36	84.54	3911.33
2015-16	3287.68	602.91	49.82	131.95	59.81	4132.19
2016-17	3073.50	609.82	286.14	129.01	49.34	4147.84
2017-18	2432.11	641.51	596.51	146.94	97.72	3914.80
2018-19	1934.12	504.24	478.95	629.01	99.67	3646.01
2019-20	2541.28	57.73	437.09	875.40	131.39	4042.90
2020-21	2930.32	172.71	60.34	985.48	254.73	4403.60
CAGR(%)	2.03	11.8	8.28	52.99	22.45	6.02

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

The table 3.16 reveals the classification of assets of the bank from 2011-12 to 2020-21, showing trends across standard assets, sub-standard assets, doubtful assets (I and II), and loss assets. It is observed that standard assets form the largest portion of the bank's total assets, increasing from 2,446.29 crore in 2011-12 to 2,930.32 crore in 2020-21, with a modest compound annual growth rate (CAGR) of 2.03%. This indicates that a significant portion of the loan portfolio remains performing and that the bank has maintained a core of healthy assets over the years. The sub-standard assets, which represent early-stage stressed loans, show a notable rise, particularly from 2015-16 onwards, peaking at 602.91 crore before declining to 172.71 crore in 2020-21. This corresponds to a CAGR of 11.8%, reflecting periodic stress in the loan portfolio that required close monitoring and recovery measures. The doubtful assets I and II, represents more severe stages of asset deterioration, and exhibit substantial volatility. The doubtful assets II, in particular, grew sharply at a CAGR of 52.99%, reaching 985.48 crore by 2020-21, highlighting increasing risk in the more stressed segment of the portfolio. By the time loss assets also display a high

CAGR of 22.45%, increasing from 41.17 crore in 2011-12 to 254.73 crore in 2020-21, indicating that some loans had become irrecoverable over the period. This means that the bank is facing difficulties in converting them into performing assets. These are bad debts and they do not generate income for the bank, however, it affects the profitability of the bank. This rising share of long-term NPAs reflects deeper structural issues in loan recovery and monitoring. For regional rural banks, loan recovery holds even greater importance since their resources are limited and primarily mobilized from rural deposits. Therefore, improving the recovery rate remains a key challenge and priority for RRBs like Assam Gramin Vikash Bank to sustain their mission of promoting inclusive rural growth. The following table presents the comparative recovery performance of Regional Rural Banks at the All-India and Assam.

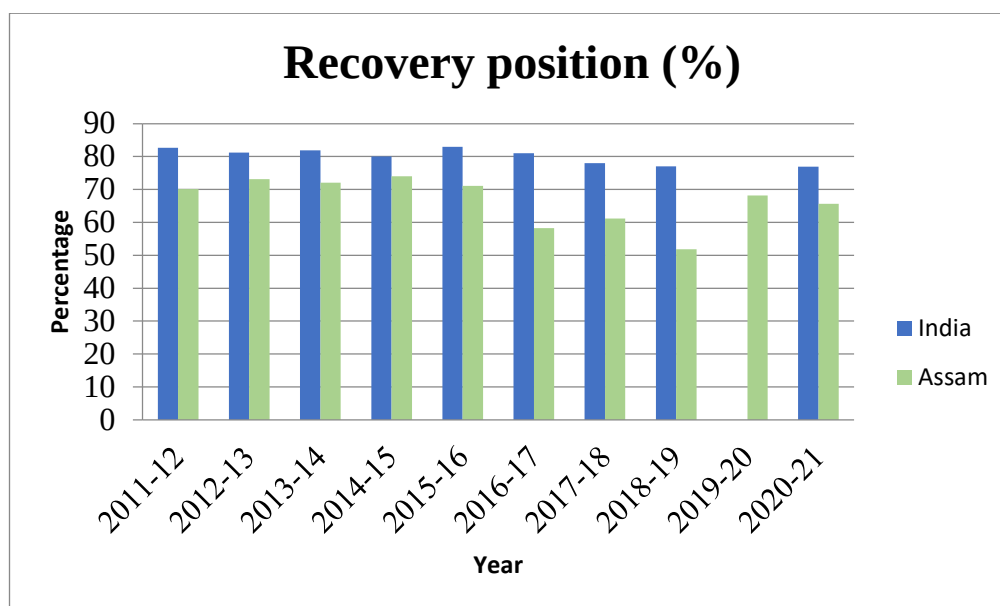
Table: 3.17

RECOVERY PERCENTAGE OF THE REGIONAL RURAL BANK (INDIA & ASSAM)

Year	INDIA		ASSAM	
	Recovery %	Annual Growth	Recovery %	Annual Growth
(1)	(2)	(3)	(4)	(5)
2011-12	82.63	-	70.08	-
2012-13	81.2	-1.73	73.15	4.38
2013-14	81.9	0.86	72.05	-1.5
2014-15	80	-2.32	73.98	2.68
2015-16	83	3.75	71.11	-3.88
2016-17	81	-2.41	58.24	-18.1
2017-18	78	-3.7	61.2	5.08
2018-19	77	-1.28	51.8	-15.36
2019-20	76.5	-0.6	68.19	31.64
2020-21	76.95	0.5	65.67	-3.7

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

Figure 3.9



The table 3.19 shows that the recovery percent of the regional rural banks in Assam is low compared to all India levels of RRB. At the national level, the recovery percentage remained fairly stable, fluctuating between 76.95% and 83% over the years. The highest recovery rate of 83% was recorded in 2015–16, but thereafter, a gradual decline was observed, falling to 76.95% in 2020–21. This decline reflects the growing pressure of non-performing assets and the challenges faced by borrowers. In contrast, the recovery position in Assam showed more volatility and remained lower than the national average throughout the decade. The recovery percentage of the bank in the year 2011-12 was 70.08%, which goes down to 65.67% in 2020-21. The lowest recovery of loans and advances is observed in the year of 2016-17 (58.24 percent). Thus, it has been found that the recovery position of the bank branches in Assam as a whole is not satisfactory. This lower recovery rate indicates structural and operational challenges in loan recovery, including dependence on agriculture and seasonal income fluctuations, limited borrower awareness about repayment schedules, and occasional natural calamities affecting repayment capacity. Moreover, weak enforcement mechanisms, delays in legal proceedings, and socio-economic vulnerabilities of rural borrowers contribute to slower recovery. However, analysis has been made further to find out the recovery position of both farm and non-farm sector which will provide further insights into sector-specific recovery challenge.

Table: 3.18

SECTOR-WISE RECOVERY POSITION OF AGVB

Year	FARM SECTOR			NON-FARM SECTOR			TOTAL		
	Demand (crore)	Overdue (crore)	Recovery (%)	Demand (crore)	Overdue (crore)	Recovery (%)	Demand (crore)	Overdue (crore)	Recovery (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2011-12	125.22	47.27	62.29%	477.28	133.03	72.13%	602.25	180.25	70.08%
2012-13	163.84	62.48	61.86%	509.87	118.42	76.77%	673.37	180.9	73.15%
2013-14	197.24	69.84	64.59%	611.21	156.11	74.46%	808.45	225.96	72.05%
2014-15	360.22	122.83	65.90%	531.76	109.23	79.46%	891.98	232.06	73.95%
2015-16	441.77	154.62	65%	748.44	189.23	74.72%	1190.21	343.85	71.11%
2016-17	730.86	355.92	51.30%	1956.79	766.42	60.03%	2687.65	1122.34	58.24%
2017-18	735.4	353.34	54.85%	1882.38	736.35	63.70%	2617.78	1089.69	61.20%
2018-19	736.89	335.73	54.44%	1423.45	705.51	50.44%	2160.34	1041.24	51.80%
2019-20	693.34	287.42	58.55%	1777.19	498.37	71.96%	2470.53	785.79	68.19%
2020-21	613.78	441.2	56.13%	1436.23	1663.8	69.76%	2050.01	2105	65.67%
Average	479.856	223.065	59.49%	1135.46	507.647	69.34%	1615.257	730.708	66.54%
CAGR %	19.31%	28.16%	17.94%	13.02%	32.40%	12.60%	14.58%	31.40%	13.75%

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

It is found from table 3.18 that the total loan demand increased steadily over the years, from 602.25 crore in 2011–12 to a peak of 2,687.65 crore in 2016–17, before fluctuating in later years. In the farm sector, the loan demand rose from 125.22 crore in 2011–12 to 730.86 crore in 2016–17, showing a CAGR of 19.31%, while the recovery rate ranged between 51.30% and 65.90%, with an average recovery of about 59.49%. The non-farm sector had higher loan demand compared to the farm sector, increasing from 477.28 crore in 2011–12 to 1,956.79 crore in 2016–17, with an average recovery rate of 69.34%. The recovery rate in non-farm loans generally remained higher than that of farm loans, although it showed some fluctuations over the years. The total combined recovery of both sectors averaged around 66.54%, indicating that roughly one-third of the loans remained overdue on average. The compound annual growth rate (CAGR) of overdue amounts was high, especially in the farm sector (28.16%) and overall (31.40%), showing that the overdue portion has been growing faster than the recovery. This indicates that while loan disbursement increased significantly over the years, effective recovery remained a challenge, particularly in the farm sector. However, in both the sectors, the recovery rate has decreased over the years. This decline highlights the challenges faced by the bank in collecting dues, particularly from small and marginal farmers who are more vulnerable to crop failures and income uncertainties. The increasing overdue amounts indicate the need for stronger credit monitoring, timely follow-ups, and supportive measures for borrowers. Improving recovery efficiency is essential not only to maintain the bank's liquidity and profitability but also to ensure the sustainability of lending operations and continued support for rural development. Thus, overall, consistent and efficient recovery is crucial for the bank to maintain liquidity, profitability, and sustainability. Strengthening recovery mechanisms will enable AGVB to continue supporting rural development and inclusive growth in Assam. Moreover, enhanced recovery efficiency helps in reducing the burden of non-performing assets, freeing up capital that can be redeployed to productive sectors.

3.5 PROFITABILITY ANALYSIS:

Profit is the chief barometer of the efficiency and productivity of banks. It is the major objective of the survival and growth of an enterprise. Any financial institution, for its economic viability, has to generate profits after meeting all its overheads. Regional rural banks are similarly required to earn sufficient income to

meet their expenses and a marginally enough surplus to increase their profitability. The surplus is measured in terms of several factors viz., advances, deposits, expenses and so on, to ascertain the bank's profitability, and surplus earning is possible through a sound investment portfolio. Banks get their resources by mobilising deposits from the public under various deposit schemes. Banks attract depositors with their services and interest rates fixed by the government based on the term for which funds are retained by the bank. The bank invests the deposits and thus mobilised by advancing them to their clients at a stipulated interest rate. The margin between the interest earned from the clients who have advanced and the interest paid to the depositors on the deposits retained by the bank forms the basis for the bank's profits. Besides interest income, banks may also earn fees and commissions from services such as locker facilities, remittances, and other banking operations, which contribute to overall profitability. The following table shows the profitability position of regional rural bank as a whole and in state of Assam.

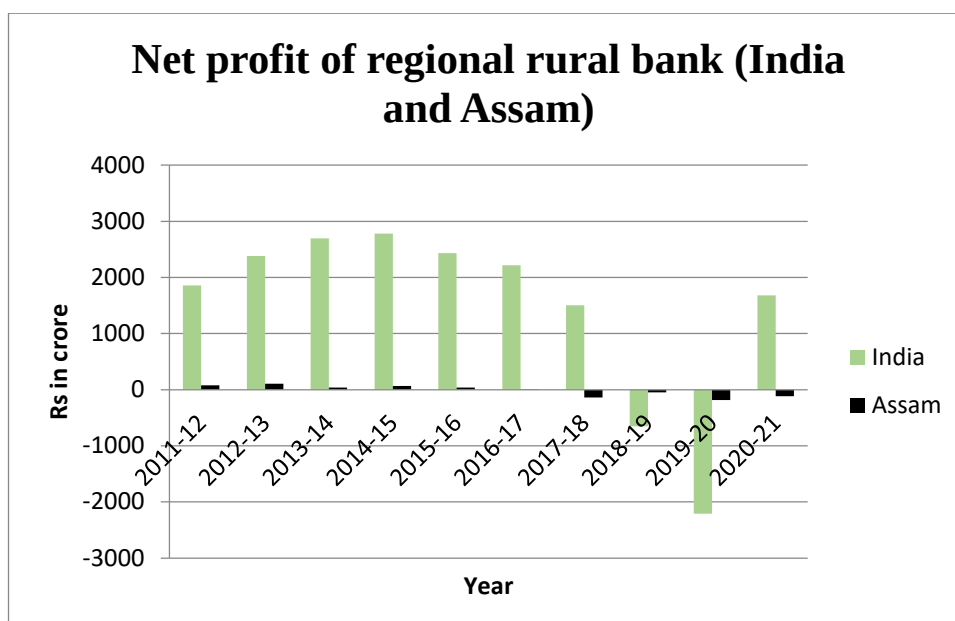
Table: 3.19

NET PROFIT OF REGIONAL RURAL BANK (INDIA & ASSAM) (Rs. in crore)

Year	India	Assam
2011-12	1857.28	78.18
2012-13	2382.52	107.8
2013-14	2694	38.09
2014-15	2781	65.54
2015-16	2435	38.61
2016-17	2218	(-1.13)
2017-18	1501	(-138.19)
2018-19	(-652)	(-49.21)
2019-20	(-2208)	(-187.68)
2020-21	1682	(-114.31)

Source: Compiled from Key Statistics and Financial Statements of RRB for the period of 2011-12 to 2020-21

Figure 3.10



From the table 3.17, it is observed that the regional rural bank in the state of Assam faced heavy losses for five consecutive years from 2016-17 to 2020-21. The highest loss was in 2019-20 (-187.68 crore), whereas the total loss of RRB was only in 2018-19 and 2019-20. After two consecutive years of losses in financial year (FY) 2018-19 & 2019-20, RRBs, as a whole, reported a consolidated net profit of Rs. 1,682 crore during 2020-21. RRBs reported consolidated net losses in FY 2018-19 for the first time since FY 1996-97 because of the implementation of the Regional Rural Bank (Employees') Pension Scheme, 2018, with effect from 1 April 2018 after the verdict of the Supreme Court. Considering huge pension liability on account of the implementation of the pension scheme, RBI has permitted RRBs to amortize their total pension liability over five years from 2018-19, subject to a minimum of 20 percent of the pension liability assessed yearly. Such regulatory support is particularly important because large pension obligations, if recognized at once, can substantially erode profitability. Additionally, these losses also highlight structural and operational challenges faced by RRBs, including rising non-performing assets (NPAs), high operational costs, and limited revenue diversification.

Despite these challenges, the profitability of the banking sector fundamentally depends on the effective management of two key segments: income and expenditure. On the income side, banks generate revenue through interest on

advances, investments, and various fee-based services, while careful management of operating costs, employee expenses, and provisioning for NPAs is crucial to control expenditure. The balance between these two components determines the overall financial health and sustainability of the bank. For RRBs, optimizing this balance is particularly critical due to their social and developmental mandate, which often involves lending to high-risk sectors such as agriculture and micro-enterprises. By enhancing operational efficiency, improving recovery mechanisms, diversifying income sources, and adopting prudent risk management strategies are therefore essential for restoring consistent profitability and ensuring that RRBs continue to play a vital role in promoting financial inclusion and rural economic development. Thus, the performance of Assam Gramin Vikash Bank (AGVB) can be better understood by examining its component-wise profitability, which highlights the contribution of different income sources and the impact of various expenditure items on the overall financial outcome. By analysing these components helps identify areas of strength, such as interest income from advances or fee-based services, as well as areas that require attention, like operating costs, provisions for NPAs, or pension liabilities. This detailed assessment provides valuable insights for management to take corrective measures, allocate resources efficiently, and adopt targeted strategies to enhance profitability while fulfilling the developmental objectives of the bank. Furthermore, a component-wise analysis allows the bank to monitor trends over time, evaluate the effectiveness of policy interventions, and benchmark performance against other regional rural banks or national averages. By focusing on both revenue maximization and cost containment, the bank can strengthen its financial resilience, support expanded credit delivery, and continue to serve as a reliable institution for rural development and inclusive growth in Assam. Such insights are critical for long-term planning, strategic decision-making, and ensuring that the bank remains both financially sound and socially relevant. The following table shows component wise profitability of AGVB.

Table: 3.20**COMPONENT-WISE PROFITABILITY OF AGVB (Rs in crore)**

	Income			Expenditure				
Year	Interest earned	Other income	Total (2+3)	Interest expended	Operating expenses	Provision	Total (5+6+7)	Profit (4-8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2011-12	445.45	33.2	478.65	229.8	140.47	30.99	401.26	78.18
2012-13	536.23	28.04	564.27	265.21	161.15	30.01	456.37	107.8
2013-14	598.68	39.56	638.24	322.49	159.9	117.73	600.12	38.09
2014-15	647.39	39.79	687.18	378.14	227.4	19.3	624.84	65.54
2015-16	695.79	43.9	739.72	407.7	222.28	71.13	701.11	38.61
2016-17	623.18	128.47	751.65	415.27	233.15	104.36	752.78	(-1.13)
2017-18	650.33	74.62	724.95	395.59	212.77	254.78	863.14	(-138.19)
2018-19	576.49	85.01	661.5	403.24	209.86	93.54	706.64	(-49.21)
2019-20	661.03	189.74	850.77	456.67	531.62	50.16	1038.45	(-187.68)
2020-21	746.63	230.4	976.97	460.35	411.65	219.28	1091.28	(-114.31)

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

It is observed from the table 3.22 that the income of the regional rural bank of the state in the year 2011-12 was Rs. 478.65 crore, which increased to 976.97 crore in 2020-21, recording 2.04 times increase during 10 years. Similarly, the bank's expenditure was 401.26 crore in 2011-12, which has gone up to 1091.28 crore in 2020-21. It is found that over the years, increase in expenditure is higher than the increase in income. As a result, the bank's profit, which was 78.18 crore in 2011-12, reduced the bank's loss by (-114.31 crore) in 2020-21. The table also exhibits that the interest income of the state from this bank in quantitative terms increased from 445.45 crore in 2011-12 increase to 746.63 crore in 2020-21. However, the share of the bank's other income has increased from 33.2 crore to 230.4 crore. However, from 2016-17, the bank has started facing loss; as interest income started decreasing and provisions of NPA started increasing. This trend highlights the urgent need for effective cost control measures, stricter credit monitoring, and proactive recovery strategies to reduce NPA liabilities. So, maintaining a healthy liquidity position becomes vital not only to meet depositors' demands but also to manage unexpected financial shocks and ensure smooth banking operations. Adequate liquidity also enables the bank to capitalize on new lending opportunities, maintain customer confidence, and strengthen its operational resilience. Therefore, careful monitoring of both income and expenditure, along with strategic asset-liability management, is essential to restore financial stability and ensure sustainable growth of the bank in the long run. Furthermore, a strong liquidity position helps the bank withstand periods of economic uncertainty, such as crop failures, market fluctuations, or regional financial crises, which are particularly relevant for rural banking operations. It also supports timely disbursement of loans, implementation of priority sector lending, and meeting regulatory requirements set by the Reserve Bank of India. By maintaining optimal liquidity levels, the bank can balance short-term obligations with long-term growth objectives, reduce dependence on costly external borrowings, and improve profitability over time. The following table presents the liquidity position of the bank, reflecting its ability to sustain operations and withstand financial stress.

Table: 3.21
Liquidity ratio

Year	Cash & balance with RBI	Balance with Bank	Current Assets (2+3)	Current Liabilities	Ratio
(1)	(2)	(3)	(4)	(5)	(6)
2011-12	274.84	1358.56	1633.4	379.09	4.31
2012-13	296.89	1562.51	1859.4	457.51	4.06
2013-14	326.69	1894.44	2221.13	443.31	5.01
2014-15	366.32	2790.18	3156.5	562.45	5.61
2015-16	376.05	2225.19	2601.24	494.67	5.26
2016-17	374.98	2438.7	2813.68	423.41	6.65
2017-18	402.89	1451.53	1854.42	220.91	8.39
2018-19	422.97	1975.14	2398.11	257.56	9.31
2019-20	495.85	2845.55	3341.4	339	9.86
2020-21	495.72	820.71	1316.43	261.63	5.03
Total	3833.2	19362.51	23195.71	3839.54	6.04

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

The table 3.21 shows the liquidity position of Assam Gramin Vikash Bank from 2011-12 to 2020-21, which is measured in terms of cash and balances with RBI, balances with other banks, and current liabilities. Over the ten-year period, the bank's cash and balances with RBI increased from 274.84 crore in 2011-12 to 495.72 crore in 2020-21, while balances with other banks fluctuated, reaching a peak of 2845.55 crore in 2019-20 before falling to 820.71 crore in 2020-21. Thus, current assets showed significant growth over the years, rising from 1,633.4 crore in 2011-12 to 3341.4 crore in 2019-20, before declining to 1316.43 crore in 2020-21. Likewise current liabilities also increased steadily but remained much lower than current assets, ensuring a healthy liquidity position. The ratio of current assets to current liabilities, which indicates the bank's ability to meet short-term obligations, remained consistently above 4, reaching a high of 9.86 in 2019-20. Thus, maintaining high level of liquidity is closely linked to the bank's profitability. Adequate liquidity ensures that the bank can meet depositor withdrawals without resorting to emergency

borrowings, which can be costly and reduce net profit. It also allows the bank to lend efficiently and invest surplus funds in profitable avenues, directly contributing to income generation. Conversely, fluctuations in balances with banks and short-term assets, as seen in 2020-21, can affect interest income and operational efficiency, impacting profitability. However in 2020-21 decrease in current assets is due to reduction in liquidity coverage ratio from 100% to 80% due to impact of COVID-19 pandemic. Therefore, while a strong liquidity position safeguards the bank's financial stability, it must be balanced with effective credit deployment and revenue management to sustain consistent profitability over time.

Hence, the establishment of additional rural branches has significantly helped achieve the dual objectives of mobilizing rural deposits and providing credit to the rural population in Assam. However, the speed of deposit mobilization depends on the region's economic and industrial infrastructure as well as on creating awareness among rural people about the proper use of bank credit. The capacity of rural areas to absorb credit is largely influenced by the availability of necessary infrastructure. For any financial institution, the main goal is to mobilize deposits and channel credit into social and productive sectors in a way that balances social objectives with profitability. Higher deposits provide banks with more funds to extend as loans, while the ability to deploy credit depends on the availability of funds, prevailing business conditions, and the loan recovery rate. However, in many cases, banks have not been located in the right place. For instance, the sponsoring banks are also running their branches in the same areas where RRBs are operating. The issue of whether branch location affects performance has been examined in detail by Malhotra (2002)¹¹, who emphasized that poorly planned branch distribution can lead to low business turnover and suboptimal utilization of banking resources. The Narasimham Committee (1998) also stressed that while RRBs play a vital role in rural credit and savings mobilization, they must simultaneously maintain financial viability and operational discipline to sustain their operations in the long term (Narasimham)¹². Moreover, with increasing competition from commercial banks, small finance banks, and digital payment platforms, RRBs must strengthen their customer engagement strategies and adopt technology-driven solutions to enhance service delivery, reduce operational costs, and improve financial inclusion outcomes. Therefore, careful branch planning, efficient resource utilization, adoption of

technology, and a focus on strengthening internal processes are essential for Regional Rural Banks to achieve their developmental objectives while remaining sustainable and competitive in the rural banking sector. Strengthening financial literacy, improving staff capacity, and aligning branch expansion with local economic potential can further enhance the effectiveness of RRBs in fulfilling their mandate of inclusive rural development.

* * * * *

Reference

1. Reddy, Sudarshana, 2013, Growth and Performance of Regional Rural Banks in India, International Journal Of Scientific Research, Volume : 2, Issue : 11, ISSN No 2277 – 8179
2. NABARD. (2023). Status of Microfinance in India 2022–23.
3. Kumar, P., & Shetty, S. (2021). Performance of Regional Rural Banks in India. Economic Affairs, 66(3), 415–423.
4. Amuthan,R. , A Study on Merger Impacts of Regional Rural Banks in India, Twelfth AIMS International Conference on Management, ISBN: 978-81-924713-8-9
5. Kumar Nayan, (2018) Credit Deposit Ratio of Commercial Banks in India: with special reference to Bihar, IJCRT ISSN: 2320-2882
6. RBI (2021). Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances. Reserve Bank of India.
7. Mohan, S. (2019). “Impact of NPA on Profitability of Scheduled Commercial Banks in India.” Indian Economic Service Working Paper.
8. Sharma, R., & Kumar, S. (2020). “Non-Performing Assets and Their Impact on Indian Banking System.” SSRN Working Paper Series.
9. RBI (2020). Report on Trend and Progress of Banking in India. Reserve Bank of India.
10. Vasappa,B.H. (2018) The Effects Of Non-Performing Loans on Bank Profitability, IJRAR, Volume 5, Issue 1, E-ISSN 2348-1269
11. Malhotra, R. (2002). Performance of Regional Rural Banks in India: A Critical Evaluation. New Delhi: Anmol Publications.
12. Narasimham Committee. (1998). Report on Banking Sector Reforms. Government of India

CHAPTER 4

ANALYSIS OF CAPITAL ADEQUACY RATIO OF ASSAM GRAMIN VIKASH BANK

Capital is the foundation of a bank's financial strength and stability. It represents the buffer that protects the bank from unexpected losses and ensures its ability to meet obligations to depositors and creditors. Adequate capital not only supports the bank's daily operations but also provides confidence to investors, regulators, and the public about the bank's solvency and long-term sustainability. It serves as a shield against financial risks, allowing banks to absorb shocks arising from loan defaults, market fluctuations, or operational losses. In this context, capital adequacy becomes a crucial measure of a bank's financial health and efficiency. It reflects the bank's capacity to withstand potential risks and continue operations without facing financial distress. Capital adequacy ratio is regarded as one of the key components of the CAMEL model to assess the financial health of a bank. It refers to the amount of a bank's capital expressed as a percentage of its risk-weighted assets (credit) exposures. Also known as CRAR, it is one of the significant indicators of the financial soundness of banks. Reforms have had a profound impact on reshaping the Indian banking sector. The adoption of Capital Adequacy norms, in particular, shifted banks from focusing primarily on business volume to operating on a risk-return framework. As a result, the performance and financial soundness of banks are now assessed largely through their Capital Adequacy Ratio. (Das,Nupur Moni)¹. The main principle behind the introduction of Capital Adequacy norm is to ensure that the banks attain sound financial health and the interests of the depositors are protected. It establishes the relationship between risk and capital in a consistent and systematic manner. CAR helps the banks to maintain their advances, free of contamination and ensures that banks withstand normal business shocks. The level of capital indicates the viability, strength and soundness of banks. The main objective of stipulating this norm based on risk weighted assets was to provide stability, strength and financial soundness to the banking system and to provide competitive equality among international banks by ensuring a fair degree of consistency in its application among the banks. (Mathur Surbhi)². Capital Adequacy is well-defined (BCBS) as the indicator for a bank's risk exposure, and Risks are categorically subdivided into credit-, market-, interest-, and exchange rate risks, which are considered for the CAR. The regulatory bodies consider capital to be an important metric that serves as a safeguard or cushion for absorbing losses. (Aroquiadasse,R)³. However, regulators use the CAR as an important measure of the "safety and soundness" of depository institutions because they consider capital a safety margin capable of absorbing

potential losses. Several studies have examined the capital structures of banks in several countries in order to identify the determinants of the CAR; most have tried to explain how a bank's financial health affects the CAR's evolution. (Sinkey)⁴

Thus, the Capital Adequacy Ratio serves as a crucial safeguard that protects banks from excessive leverage, potential insolvency, and financial distress. It represents the proportion of a bank's capital to its risk-weighted assets and current liabilities. Risk-weighted assets reflect the value of a bank's assets adjusted according to their associated risks. Maintaining an adequate level of capital ensures that a bank not only has the financial strength to grow its business but also possesses sufficient net worth to withstand economic fluctuations without becoming insolvent. In essence, this ratio indicates a bank's ability to meet its obligations and manage various forms of risk, including credit, market, and operational risks.(Nikhat Fatima)⁵.

The concept of capital adequacy is the cornerstone of the Basel Norms, serving as the primary defence mechanism for ensuring banking stability. While the necessity for banks to hold sufficient capital was long understood, it was the Basel frameworks that standardized its measurement and enforcement on a global scale. The Basel norms, developed by the Basel Committee on Banking Supervision (BCBS), are a set of international banking regulations designed to ensure financial stability by setting standards for capital adequacy, risk management, and liquidity in the global banking system. Established in 1974 by central bankers from G10 countries, the BCBS operates under the Bank for International Settlements (BIS) in Basel, Switzerland, and its norms have evolved through three major iterations Basel I, Basel II, and Basel III each addressing emerging challenges in the banking sector. The Basel I was introduced in 1988 was the first framework to standardize capital requirements. It focused on credit risk, requiring banks to maintain a minimum Capital Adequacy Ratio (CAR) of 8% of their risk-weighted assets (RWA). Assets were categorized into risk buckets (e.g., 0% for government securities, 100% for corporate loans), and banks had to hold capital—comprising Tier 1 (core capital like equity) and Tier 2 (supplementary capital like subordinated debt)—to cushion against potential losses. While Basel I was criticized for its simplicity, as it ignored other risks like market or operational risk and encouraged regulatory arbitrage. Basel II, rolled out in 2004, expanded the scope to three pillars: (1) Minimum Capital

Requirements, refining risk-weighting with more granularity (e.g., using credit ratings) and adding market and operational risk to the CAR calculation; (2) Supervisory Review, empowering regulators to assess banks' risk management and demand additional capital if needed; and (3) Market Discipline, mandating greater transparency through public disclosures.

However, Basel III reforms were introduced by the Basel Committee on Banking Supervision (BCBS) to enhance the resilience of the global banking system. These reforms aim to strengthen banks' ability to withstand financial and economic shocks—regardless of their origin—and to minimize the risk of financial-sector disturbances spilling over into the real economy. At the Pittsburgh Summit in September 2009, G20 leaders committed to overhauling the regulatory framework for banks and financial institutions. Their agenda included raising capital standards, establishing stronger international norms to curb excessive risk-taking, improving the functioning of the over-the-counter derivatives market, and creating more effective mechanisms to hold large global institutions accountable for the risks they undertake. Strict timelines were set to implement these reforms. In response, the BCBS unveiled a comprehensive regulatory package titled “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” in December 2010. Basel III strengthens micro-prudential regulation by improving the stability and risk-absorbing capacity of individual banks during periods of stress. At the same time, it incorporates a macro-prudential dimension to address system-wide risks and the procyclical build-up of vulnerabilities across the banking sector. The new standards focus on improving both the quality and quantity of capital so that banks can better absorb losses, whether in normal operations (going concern) or in cases of failure (gone concern). They also expand the scope of risk coverage, introduce a leverage ratio as a safeguard against excessive risk-taking, and enhance supervisory review (Pillar 2) and market discipline through improved disclosure requirements (Pillar 3). A key macro-prudential feature of Basel III lies in its capital buffers—the Capital Conservation Buffer and the Countercyclical Buffer—which are designed to protect the banking system during periods of rapid credit expansion and heightened systemic risk. (RBI master circular)⁶. However, India follows the Basel III norms for the Capital Adequacy Ratio (CAR) for its banking system, including Regional Rural Banks (RRBs). Basel III, developed by the Basel Committee on Banking

Supervision, sets international standards for bank capital requirements, aiming to enhance the stability and resilience of the financial system. Under Basel III, banks are required to maintain higher quality capital, including Tier 1 capital (core capital) and Tier 2 capital (supplementary capital), to safeguard against financial shocks. For RRBs in India, the Reserve Bank of India (RBI) mandates that they maintain a minimum CAR of 9%, aligning with the global standards set by Basel III, which requires banks to have sufficient capital to absorb potential losses from their risk-weighted assets (RWAs). The CAR for Regional Rural Banks (RRBs) follows the same structure as for other banks under the Basel III framework, which divides capital into three tiers:

1. Tier 1 Capital (Core Capital): This is the most stable form of capital and includes equity capital, reserves, and retained earnings. Tier 1 capital is the primary source of financial strength for RRBs because it can absorb losses without the bank having to shut down its operations. It forms the foundation for maintaining financial health and meeting regulatory requirements.

2. Tier 2 Capital (Supplementary Capital): Tier 2 capital consists of more flexible forms of capital that can also absorb losses but are considered less secure than Tier 1 capital. It includes instruments like subordinated debt, hybrid instruments, and revaluation reserves. While it provides additional protection to the bank, Tier 2 capital cannot be used to cover losses in the same way as Tier 1 capital.

3. Tier 3 Capital (Liquidity Buffer): Under the Basel II framework, Tier 3 capital was introduced to cover market risks, particularly liquidity. However, Basel III eliminated Tier 3 capital, focusing on improving the quality of Tier 1 and Tier 2 capital instead. Therefore, RRBs today do not need to maintain Tier 3 capital under the current regulations.

In context to regional rural bank the Capital Adequacy Ratio (CAR) is crucial as it ensures their financial stability, resilience, and continued ability to support the rural economy. By maintaining a minimum CAR of 9%, as mandated by the Reserve Bank of India (RBI), RRBs have a buffer to absorb potential losses from non-performing assets (NPAs) or economic shocks, ensuring they can continue operations without facing insolvency. This ratio also helps RRBs manage risks effectively, particularly the credit risks associated with lending to rural sectors, which

can be more volatile. A strong CAR allows RRBs to extend credit to underserved populations, like farmers and small businesses, without violating regulatory requirements. Additionally, it boosts public trust, instils confidence among depositors, and facilitates compliance with regulatory standards. A solid CAR also allows RRBs to expand their services, invest in infrastructure, and adopt new technologies, ultimately contributing to financial inclusion in rural areas. By ensuring these banks remain financially sound, the CAR supports their long-term growth, competitiveness, and their vital role in India's rural development. The Capital Adequacy Ratio (CAR) plays an even more significant role for Regional Rural Banks given their critical function in India's rural and agricultural economy. These banks primarily cater to underserved and economically weaker sections of society, where financial risks are inherently higher due to factors like climate change, crop failures, and market fluctuations. By maintaining a robust CAR, RRBs can ensure they have sufficient capital to cover these risks, even in challenging circumstances. This provides a sense of security to their stakeholders, including depositors, borrowers, and the broader community.

By adhering to these Basel III guidelines, India strengthens the overall stability of its banking system, particularly in the rural sector, while meeting international banking norms. Therefore, in order to prevent the bank from eventual failure, it becomes necessary to maintain a significant level of capital adequacy (Chen, 2003)⁷. Therefore, the following ratios are normally considered in the assessment of the capital adequacy of the banks. (Rajendrachozhan, V 2019)⁸. They are:

1. Capital Adequacy Ratio;
2. Debt-equity Ratio;
3. Net Advances to Total Assets Ratio; and
4. Government Securities to Total Investment Ratio.

Therefore, banks are required to maintain the Capital to Risk-Weighted Assets Ratio (CRAR) as prescribed by the Reserve Bank of India (RBI) from time to time. In the Mid-Term Review of the Annual Policy Statement for 2007–08, the RBI directed all Regional Rural Banks (RRBs) to disclose their CRAR in the ‘Notes to Accounts’ of their Balance Sheets with effect from 31 March 2008. Subsequently, the RBI also introduced a minimum CRAR requirement specifically for RRBs, mandating that they maintain a CRAR of at least 9 percent on a continuous basis from 31 March 2014. The formula for CRAR is:

$$\text{CRAR} = \frac{\text{Tier-I capital \& Tier-II capital}}{\text{Risk Weighted Assets}} * 100$$

The following table shows capital adequacy ratio of the bank consisting of Tier I, Tier II and Tier III along with risk weighted assets.

Table 4.1
Capital Adequacy ratio

Year	Tier I	Tier II	Total (2+3)	Risk assets	CAR Ratio (4/5*100)
(1)	(2)	(3)	(4)	(5)	(6)
2011-12	217.28	7.48	224.76	2095.01	10.73
2012-13	291.66	25.4	317.06	2602.68	12.18
2013-14	316.8	21.88	338.68	2952.14	11.47
2014-15	359.76	59.76	419.52	3746.99	11.2
2015-16	381.11	59.47	440.58	3828.31	11.51
2016-17	381.25	51.33	432.58	3736.54	11.58
2017-18	252.26	31.33	284.04	3439.87	8.26
2018-19	203.05	34.46	237.51	3762.31	6.31
2019-20	NA	NA	NA	NA	2.79
2020-21	36.37	47.05	83.42	3982.38	2.09

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

An analysis of the table shows that in the year 2011-12 the CAR of Assam Gramin Vikash bank was 10.73 which went up to 12.18 percent in 2012-13. But from 2013-14 the ratio took a down turn to 11.58 in 2016-17., reflecting a decrease of over 1 percent over previous years. . Though the CAR of the bank has been shrinking, it is over the statutory level. As stated earlier, at present, the RBI has set a norm of 9 per cent for all the banks. The general principle is that the higher the ratio, the better the level of capital adequacy. But from 2018-19 the ratio has been decreasing sharply. In 2019-20 and 2020-21 the ratios stood at 2.79 and 2.09 which are below the statutory level. A CAR of 2.09% means that for every 100 rupees of risk-weighted assets, the bank had 2.09 rupees in capital to cover any potential losses. This is very low compared to the RBI's required 9% minimum CAR for RRBs, which means they had an insufficient buffer to absorb shocks or cover losses arising from loan defaults, especially considering the high-risk nature of its lending portfolio, which primarily includes agriculture and rural-based loans. This decline in the Capital Adequacy Ratio (CAR) is directly linked to the sharp fall in the Tier 1 capital of Assam Gramin Vikash Bank. Tier 1 capital, which represents the core financial strength of a bank, consists mainly of paid-up capital, reserves, and retained earnings. From 2011-12 to 2016-17, AGVB maintained a strong Tier 1 base ranging between 217.28 crore to 381.25 crore, enabling it to comfortably meet the regulatory CAR requirement. However, beginning in 2017-18, the bank incurred substantial losses, which eroded its Tier 1 capital drastically from 252.24 crore in 2017-18 to a mere 36.35 crore in 2020-21. This erosion of core capital significantly weakened the bank's capacity to absorb risks and directly contributed to the fall in its CAR. The shrinking Tier 1 capital reflects accumulated loss of 134.73 crore in 2017-18 and declining reserves. Thus, the deterioration of Tier 1 capital has been the principal cause behind the declining CAR, signaling the urgent need for recapitalization and improved financial management to restore regulatory compliance and stability.

This weakening of the Capital to Risk-Weighted Assets Ratio (CRAR) of bank is also closely associated with its debt-equity position. The debt-equity ratio indicates the extent to which a bank is financing its operations through borrowed funds compared to its own capital. A higher ratio reflects greater dependence on external liabilities, while a lower ratio suggests stronger capital support from internal

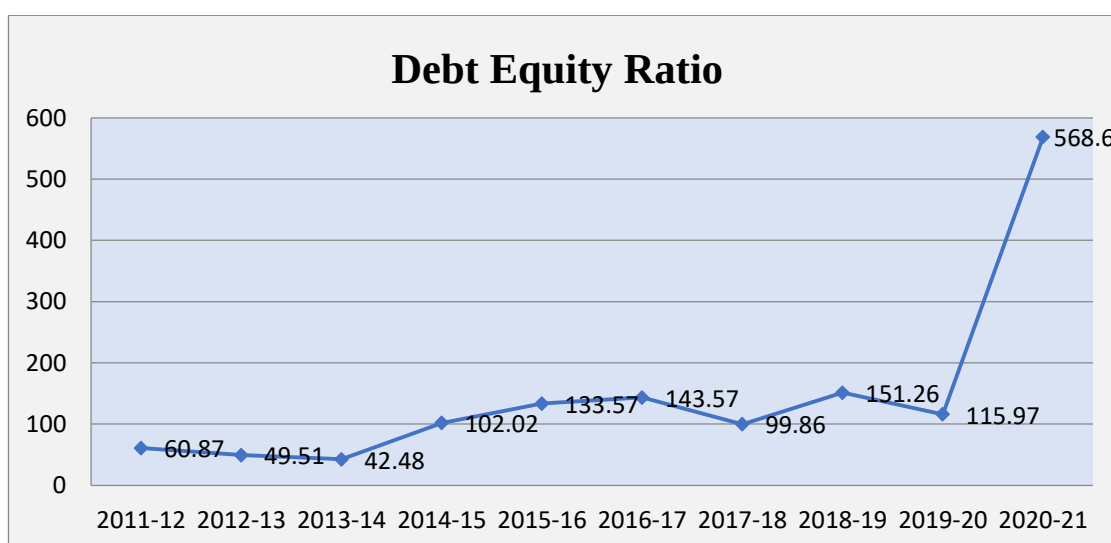
funds. In the case of AGVB, the persistent decline in CRAR accompanied by an increasing debt burden highlights that the bank's growth and lending activities have been financed largely through borrowings rather than owned capital. This imbalance has intensified the pressure on its equity base, especially when losses eroded Tier 1 capital in the later years. As the equity component weakened, the bank's ability to maintain an adequate capital cushion under the Basel norms also diminished, leading to a sharp fall in CRAR. Therefore, the rising debt equity ratio mirrors the bank's overreliance on external funds and underscores the need to strengthen its equity base through recapitalization, improved profitability, and efficient asset management to restore a healthy capital adequacy position. The following table shows debt equity ratio of bank.

Table 4.2
Debt-Equity Ratio

Year	Debt (in crore)	Equity (in crore)	Debt Equity Ratio	% Increase/Decrease over previous year
(1)	(2)	(3)	(4)	(5)
2011-12	132.26	217.28	60.87	-
2012-13	144.4	291.66	49.51	-18.66
2013-14	139.59	328.58	42.48	-14.2
2014-15	417.82	409.55	102.02	140.16
2015-16	583.21	436.62	133.57	30.93
2016-17	615.14	429.85	143.57	7.49
2017-18	386.43	386.99	99.86	-30.45
2018-19	310.59	205.34	151.26	51.47
2019-20	81.02	69.86	115.97	-23.33
2020-21	501.79	88.25	568.6	390.3

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

Figure 4.1



It is evident from the table that in 2011-12, the equity ratio was 60.87 percent, it decreased to 42.48 percent in 2013-2014. However, in 2014–15, it spiked sharply to 102.02 due to a large increase in debt, marking a 140.16% rise over the previous year. The upward trend continued until 2016–17, showing growing reliance on borrowings before dropping to 99.86 in 2017–18 as debt levels fell. Between 2018–19 and 2020–21, the ratio became highly volatile, culminating in an extreme rise to 568.60 in 2020–21 because NABARD has extended a Special Liquidity Facility to provide support to the agricultural activities of the farmers amid COVID-19 pandemic. The decline in equity reflects the losses incurred by the bank, which have eroded its reserves and weakened its overall financial position. Thus this sharp increase in debt equity ratio indicates a significantly imbalanced capital structure, where debt grew disproportionately while equity remained comparatively low, and signalling sinking of its capital.

For a Regional Rural Bank, whose primary mandate is to promote financial inclusion and extend credit to rural communities, such an imbalance raises concerns about its financial strength and ability to support sustained lending. In this context, indicators like the Advance-to-Assets Ratio become crucial, as a higher ratio would reflect the bank’s effective participation in credit delivery as it is a core developmental function. However, extremely high ratios could also indicate risks if the bank is over-exposed to lending without adequate diversification or risk

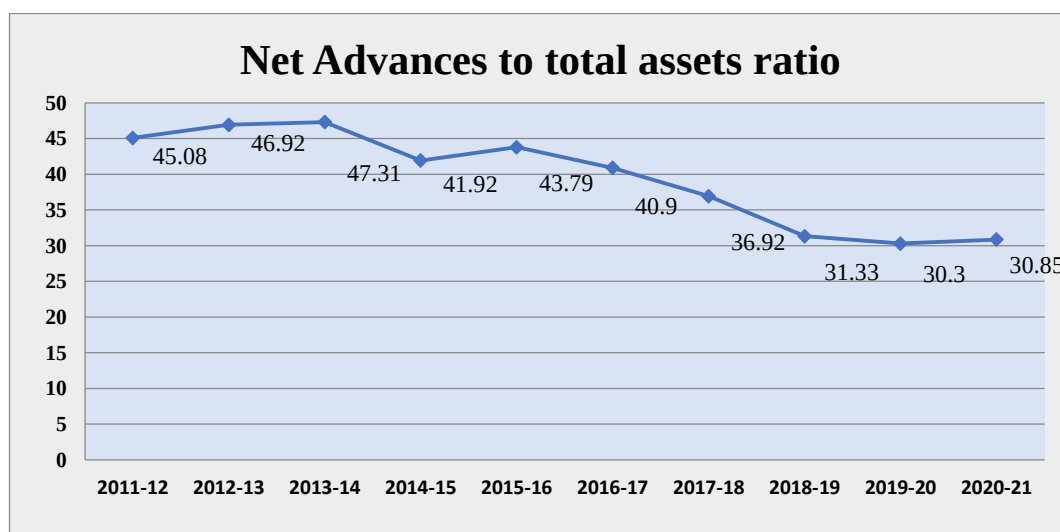
management. The following table presents an analysis of net advances to total assets ratio of the bank during the period 2011-12 to 2020-21.

Table 4.3
Net Advances to Total Assets Ratio

Year	Net Advances (in crore)	Total Assets (in crore)	Net Advances to total assets ratio %	% Increase/Decrease over previous year
(1)	(2)	(3)	(4)	(5)
2011-12	2529.98	5611.83	45.08	-
2012-13	3014.62	6424.86	46.92	4.08
2013-14	3472.99	7341.43	47.31	0.83
2014-15	3699.76	8826.67	41.92	-11.39
2015-16	3895.64	8896.44	43.79	4.46
2016-17	3841.41	9392.6	40.9	-6.6
2017-18	3458.09	9367.06	36.92	-9.73
2018-19	3142.23	10030.9	31.33	-15.14
2019-20	3539.02	11680.6	30.3	-3.29
2020-21	3797.37	12309.8	30.85	1.82

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

Fig 4.2



An analysis of the table reveals that the net advances to total assets ratio was stood at 45.08 percent in 2011-12 which again increased to 47.31 per cent in 2013-14, showing 0.39 per cent increased in comparison to the previous year. From 2015-16 the ratio dropped from 43.79 percent to 30.30 percent in 2019-20. It is evident that after the year 2013-14 this ratio shows a downward trend with a gradual and steady fall which is not favourable for the bank. A lower Net Advances to Total Assets Ratio indicates that the bank is deploying a smaller portion of its assets as loans, which is the primary income-generating activity for the bank. However declining Net Advances to Total Assets Ratio also suggests reduced credit expansion, due to rising NPAs from 2016-17 and as well as for the first time the bank had incurred loss of (-1.13) crore in 2016-17. As credit risks increased, the bank have adopted a more cautious lending approach, resulting in a lower share of advances in total assets.

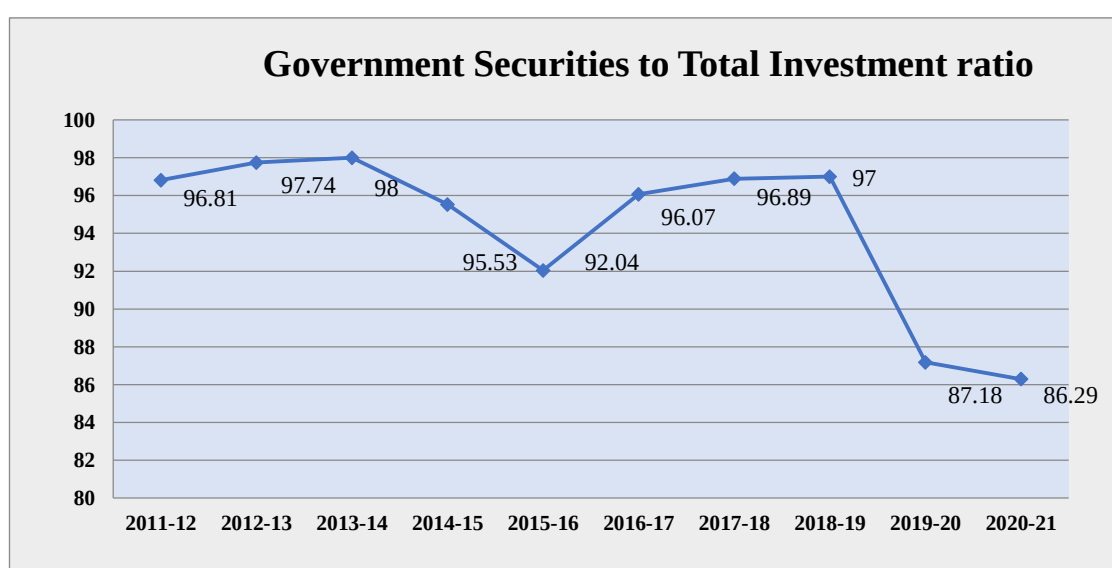
At the same time, like other commercial banks, the regional rural banks also invest a portion of their assets for the purpose of enhancing earnings which, in turn, enhance profit. The policy of investments of the banks is governed by the provision of the RRBs Act 1976, the RBI guidelines, directives of NABARD and sponsor banks. Therefore, the bank's shift toward higher investments and lower credit deployment reflects an attempt to stabilise income through safer avenues, even though it may compromise its core mandate of providing credit to rural communities. In line with this strategy, AGVB increasingly channels its funds into government securities, other approved securities, shares of public sector entities, debentures, and bonds, which offer lower risk but also divert resources away from direct rural lending. However, among these, investment in government securities occupies the prime place on the map of overall investments. As government securities are risk-free, the higher the government securities to investment ratio, the lower the risk involved in the bank's investments. The table presents the government securities to total investment ratio of the bank from 2011-12 to 2020-21.

Table 4.4
Government Securities to Total Investment Ratio

Year	Government Securities (in crore)	Total Investment (in crore)	Government Securities to Total Investment ratio %	% Increase/Decrease over the previous year
(1)	(2)	(3)	(4)	(5)
2011-12	1258.13	1299.54	96.81	-
2012-13	1306.39	1336.61	97.74	0.96
2013-14	1373.6	1401.62	98	0.27
2014-15	1514.21	1585.13	95.53	-2.53
2015-16	1920.93	2087.02	92.04	-3.65
2016-17	2464.08	2565.01	96.07	4.37
2017-18	3736.18	3856.18	96.89	0.86
2018-19	3713.8	3828.59	97	0.12
2019-20	3640.73	4176.26	87.18	-10.13
2020-21	5897.25	6834.2	86.29	-1.02

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

Fig 4.3



The table 4.4 reveals that initially, the bank maintained an extremely high concentration in Government Securities with the ratio to Total Investment consistently above 95% until 2018-19, peaking at 98% in 2013-14. This indicates a primary focus on safe, low-risk assets. However, a significant strategic shift occurred in 2019-20 and continued into 2020-21, where the ratio dropped sharply to 87.18% and 86.29% respectively suggesting a shift towards more investment of mutual funds and debentures. A higher Government Securities to Total Investment Ratio is typically seen as positive because it reflects a conservative and risk-averse approach that ensures safety and liquidity while managing financial stability in a rural lending environment. However, the ratio should also be balanced with the need for income generation through riskier assets to ensure profitability and long-term sustainability. However for broader analysis statistical parameters related to three financial ratios like Debt Equity Ratio, Net Advances to Total Assets Ratio, and Government Securities to Total Investment Ratio are presented below:

Table 4.5 Descriptive statistics

Parameters	Debt equity ratio	Net advances to total assets ratio	Government Securities to Total Investment ratio
Mean	146.77	39.53	94.35
Median	108.99	41.41	96.44
SD	153.12	6.4	4.35
Range	526.12	17.01	11.71
Minimum	42.48	30.3	86.29
Maximum	568.6	47.31	98.00
CAGR %	28.18	-0.04	-0.01

Source: Compiled by researcher through SPSS

The table 4.5 provides statistical insights into three financial ratios—Debt Equity Ratio, Net Advances to Total Assets Ratio, and Government Securities to Total Investment Ratio which can indirectly inform challenges related to the Capital Adequacy Ratio (CAR), a key measure of financial stability. The Debt-Equity Ratio, which has a high mean of 146.77 and a very wide range of 526.12, shows that the bank's finances are particularly unstable. The very high maximum value (568.6) compared to the minimum (42.48) and the large standard deviation (153.12) show that leverage is not stable. Such changes show that the bank regularly relied on external borrowings relative to its equity basis, putting pressure on capital adequacy and increasing financial risk. A regularly high or irregular debt-equity ratio might undermine the bank's ability to absorb losses and comply with regulatory capital. Likewise the Net Advances to Total Assets Ratio, with a mean of 39.53% and a relatively small standard deviation (6.40), suggest moderate variability but a downward tendency over time with CAGR -0.04% . This illustrates that the fraction of assets used as advances is slowly decreasing lower. For a Regional Rural Bank, where lending is the principal source of income, reducing credit deployment lowers profitability and reduces interest income. Lower advances mean that more assets are going into low-return investments, which adversely impact operational performance and slow down capital development through retained earnings. The Government Securities to Total Investment Ratio is relatively stable, with a mean of 94.35%, a low standard deviation of 4.35, and a small range of 11.71. This means that AGVB puts a lot of its money into government securities, which ensures safety, liquidity, and regulatory compliance. This makes the bank's investments safer and boosts its liquidity buffers, but it also limits returns because government securities usually pay less interest than loans and advances. This conservative investment pattern further limits profitability and restricts the bank's capacity to create internal capital through earnings.

Overall, the descriptive statistics indicate that AGVB's capital adequacy and performance are affected by high leverage volatility, declining credit deployment, and an overly conservative investment structure. The unstable debt-equity ratio signals financial stress and potential challenges in maintaining regulatory capital. The decreasing share of advances weakens income generation and undermines the bank's development-focused mandate. Meanwhile, excessive investment in

government securities enhances safety but limits profitability, slowing down capital growth. Together, these factors suggest that AGVB faces both profitability constraints and capital adequacy pressures, which may hinder its ability to support sustainable rural credit expansion in the long term.

. Thus, the introduction of Capital Adequacy norms has transformed the banking sector from a volume-oriented approach to a more risk-sensitive and return-focused system. The Capital Adequacy Ratio (CAR) has emerged as a vital indicator for assessing the financial strength and stability of banks. This chapter has provided valuable insights into the evolution of capital adequacy regulations over time and examined India's alignment with international Basel norms. The analysis reveals that India has followed a more prudent and conservative policy by prescribing a higher CAR requirement for Regional Rural Banks (RRBs) compared to the Basel standards. In the case of Assam Gramin Vikash Bank (AGVB), it has generally maintained CAR above the prescribed benchmark, except during the years 2019, 2020, and 2021, when it fell below the regulatory minimum. This shortfall highlights the need for continuous capital strengthening to ensure resilience against potential risks. Maintaining a robust CAR is essential not only for regulatory compliance but also for reinforcing public confidence, assuring depositors and borrowers of the bank's financial soundness, and supporting sustainable growth in the rural banking sector.

* * * * *

REFEENCES

1. Das,Nupur Moni, 2018, Impact of Capital Adequacy Ratio on Commercial Banks Performance in India, Assam University. <http://hdl.handle.net/10603/366913>
2. Mathur Surbhi, 2015, A study of capital adequacy norms and its operational effect on banking sector, University of Rajasthan<http://hdl.handle.net/10603/148275>
3. Aroquiadasse,R 2024, Determinants of capital adequacy ratio and its implications evidence from indian public sector banks under basel ii iii regimes, Pondicherry University <http://hdl.handle.net/10603/646550>
4. Sinkey, J.F., 1989, Commercial Bank Financial Management in the Financial Services Industry, Third Edition, U.S.A.: MacMillan Publishing Company.
5. Nikhat Fatima, 2014, Capital Adequacy: A Financial Soundness Indicator for Banks, Global Journal of Finance and Management. ISSN 0975-6477 Volume 6, Number 8 (2014), pp. 771-776. <http://www.ripublication.com>
6. Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF) issued vide circular DBOD.No.BP.BC.4/21.06.001/2015-16 dated July 1, 2015.
7. Chen, J. (2003). Capital adequacy of state commercial banks in China: Review and regulation. Journal of Banking Regulation, 4, 320–327.
8. Rajendrachoan, V, 2019, Study on the performance of Regional Rural Bank a case of Pandyan Grama Bank in Tamil Nadu, The Gandhigram Rural Institute, <http://hdl.handle.net/10603/315718>

CHAPTER 5

CHALLENGES AND PROSPECTS OF ASSAM GRAMIN VIKASH BANK

Banking plays a pivotal role in driving Assam's economic growth and financial stability. As a crucial component of the state's development framework, the banking sector acts as a bridge between savings and productive investments, facilitating credit flow to agriculture, industry, trade, and services. It also significantly contributes to strengthening Assam's predominantly agrarian economy while supporting the rapid expansion of its urban centres. The state of Assam has a diverse financial system that includes cooperative banks, public and private sector banks, and Regional Rural Banks (RRBs) like the Assam Gramin Vikash Bank. Notably, AGVB has established an extensive branch network across Assam, catering to both rural and urban populations. At present, the bank operates 473 branches across all 33 districts of the state, ensuring comprehensive financial coverage and extending credit facilities to agriculture, MSMEs, trade, services, and various other productive sectors. This bank has been making concerted efforts for the upliftment of the weaker section of the rural society. They are gradually becoming viable institutions to meet the credit requirements of the rural poor. Though this bank has made remarkable progress in terms of branch expansion, deposit mobilization and credit dispersal, several deficiencies are being noticed in both internal and external field operations of the bank, which threaten the very purpose of its establishment. Similarly, the growth and development of the banking sector in Assam have been hindered by various factors such as geographical, structural, organisational, operational, financial, technological, infrastructural and socio-economic constraints. Various factors such as hilly terrain, poor transportation and power, marketing, and inadequate credit are also the main reasons for the poor performance of the banking sector in the state. To understand the various challenges, a logical study with extensive coverage of both secondary data and the officials of AGVB has been made with a semi-structured questionnaire. As per the information collected, an attempt has been made in this chapter to analyse the various problems and challenges faced by AGVB at their operational and administration levels.

CHALLENGES OF ASSAM GRAMIN VIKASH BANK

As a key Regional Rural Bank (RRB) in the Northeast, Assam Gramin Vikash Bank plays a vital role in financial inclusion. However, financial sector

reforms in the early 1990s have brought about fierce competition in Indian banking sector due to subsequent entry of domestic and foreign private banks. Enhanced profitability, productivity and efficiency have become essential for growth and survival of any bank. Many of the banks along with RRBs also followed the route of diversifying their operations to reap more return. However, with the entry of new-age financial services, including microfinance institutions and fintech, these banks are facing stiff competition, particularly in service delivery and product innovation. Now biggest challenge for RRBs nowadays is that both public and private sector banks are also focussing on financial inclusion and serving unbanked and under banked populations, and they compete for deposits and loans within rural markets. In vice versa the bank has also found much difficulty in the matter of expansion of its branches. The abrupt selection of the centre's by the district authority to open a new bank branch in some areas without the required infrastructure as specified by the NABARD and RBI, also created various problems in the matter of branch expansion. As stated by (Devi, Savitha)¹ there is also a problem of regional imbalance in banking facilities provided by RRB's. They are creating this problem by concentrating their branches in some specific states and districts & loose other prospective group of customers.

The rising establishment costs and the relatively low income generated from existing rural branches have made the bank cautious about further branch expansion in the state. This financial strain is further compounded by the difficulty in mobilising deposits, which forms the backbone of a bank's operations. The bank has also trouble getting people to deposit money in rural and distant locations because of social and economic problems, poor levels of financial knowledge, and geographical restrictions. This makes it hard for the bank to get consistent finances for lending and expansion. The lack of awareness about banking services and low financial literacy also make it difficult to attract deposits. In addition, poor roads transport, and communication facilities in remote areas create further problems for the bank in reaching customers. These challenges are not faced by AGVB alone other banks in the North-eastern states also experience similar issues. As a result, the North-eastern region has lower deposit mobilisation compared to other parts of India. From 2012 to 2021 the average deposit mobilisation of the banks in North-eastern region is 17928 crore, whereas Central region has 99398.7 crore. So it is the biggest challenge for the

bank to mobilise more savings and become one of the pioneer banks in India. This low ranking underscores the intense competition for deposits within the national banking landscape and highlights the unique hurdles faced in the North-eastern market. Furthermore, the region also suffers from low credit disbursement, with RRBs recording the smallest credit volume among all regions of India. Furthermore, the region also suffers from low credit disbursement, recording the smallest credit volume among all regions of India. When comparing credit disbursement across regions, the North-Eastern region reports an average of only ₹7,788.3 crore, whereas the Southern region leads significantly with ₹81,664.3 crore. This limited credit flow reflects not only weak deposit mobilisation but also deeper structural constraints such as low levels of industrialisation, poor infrastructure, and limited financial inclusion. All of these factors make it harder for banks to use their resources efficiently and slow down the general growth of the economy in the North-Eastern states. While it is true that the North-Eastern region (including Assam) has a smaller geographical area and lower population density compared to the Central region, these factors alone do not fully explain the lower deposit mobilisation. The limited geographical area means fewer urban and industrial centres, which naturally reduce the concentration of high-income earners, business activities, and investment opportunities all of which contribute to lower savings and deposits. In contrast, the Central region of India has a larger geographical spread, higher population density, and a stronger base of industrial and commercial activities, which promote greater financial transactions and deposit accumulation. So, the low deposit mobilization in Assam and the North-East is not only because of the smaller geographical area, but also because of structural and socio-economic problems, such as lower per capita income, less financial literacy, poor infrastructure, and limited banking access in remote areas.

In this context, the credit-deposit ratio serves as a crucial indicator for understanding how effectively banks convert their deposits into productive credit. A higher CD ratio signifies efficient utilisation of mobilised funds in lending and developmental activities, while a lower ratio indicates underutilisation of available resources and limited credit outreach. Thus, analysing the CD ratio provides a clear picture of the region's financial intermediation strength and the overall health of its banking system. For Assam Gramin Vikash Bank, maintaining a satisfactory CD Ratio has remained a persistent challenge, primarily due to the sluggish pace of

deposit mobilisation and the limited credit absorption capacity in rural areas. The low CD Ratio in Assam reflects both the cautious lending approach of banks and the insufficient demand for credit in sectors such as agriculture and small enterprises. Hence, the CD Ratio not only highlights the existing gap between deposits and advances but also helps in assessing the effectiveness of AGVB's efforts toward promoting financial inclusion and fostering balanced regional growth. The chapter 3 reveals that the bank's CD ratio has remained far below the benchmark level of 60%, showing a consistent decline from 53.28% in 2011–12 to around 38.3% in 2020–21. This downward trend suggests that although the bank's deposits have increased over the years, its lending activities have not kept pace. Similar trends can be observed across most Regional Rural Banks (RRBs) in the North-eastern states, where CD ratios are generally lower than the national average. The region's weak industrial base, limited commercial activities and dependency on agriculture contribute to the low credit absorption capacity. In addition, difficult terrain, poor connectivity, and a lack of financial literacy among rural borrowers further discourage credit flow. Compared to other regions of India, the Regional Rural Banks (RRBs) in the North-east, including Assam Gramin Vikash Bank (AGVB), continue to face challenges in maintaining a balance between deposit mobilisation and credit deployment, where north-eastern region, which holds the lowest average CD ratio in India at 44.7% in 10 years. In contrast, the Southern region operates at a remarkably high ratio of 98.53% in 10 years, indicating its banks are highly effective at recycling local deposits into local credit. This regional gap shows that while southern states are driving economic activities through efficient credit utilisation, the North-eastern states, including Assam, still face structural and operational challenges that hinder balanced financial development. These disparities highlight the need for targeted policy measures to strengthen overall lending environment in the region. In this backdrop, assessing the financial performance of this bank becomes crucial to understanding their role in addressing these regional imbalances. So following ratios such as net interest margin (NIM), operating margin, miscellaneous income, and overall financial return will help the bank's on-going efforts to adapt to the evolving economic and structural challenges of the region.

Table 5.1 Statement of Financial Ratios of AGVB

Year	Net Interest Margin	Operating margin	Miscellaneous income	Financial return
(1)	(2)	(3)	(4)	(5)
2011-12	1.70	2.38	0.74	9.74
2012-13	2.06	2.64	0.54	10.29
2013-14	0.64	2.60	0.66	9.96
2014-15	0.95	1.23	0.62	9.40
2015-16	0.52	1.46	0.58	9.24
2016-17	0.02	1.15	1.42	6.80
2017-18	-0.96	1.33	0.85	7.39
2018-19	-0.50	0.17	0.54	6.00
2019-20	-1.80	-1.32	1.82	6.34
2020-21	-0.90	-0.99	1.83	5.92

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

From the table 5.3 it can be seen that during the early years, the bank maintained a healthy NIM above 1.5%, reflecting efficient management of lending and borrowing operations. However, after 2013–14, the margin declined sharply and even turned negative in later years, indicating rising costs of funds and declining interest income due to poor asset quality and increasing non-performing assets. Similarly, the operating margin, which measures cost efficiency, fell from 2.38% in 2011–12 to negative levels in 2019–20 and 2020–21, suggesting rising administrative expenses and weak operational control. Although miscellaneous income rose in 2016–17, 2019-20 and 2020–21, this growth largely compensated for the fall in core income, reflecting a temporary dependence on non-interest sources. Moreover, financial returns also declined from 9.74% to 5.92%, signalling reduced profitability and weakened capacity to reinvest in growth or absorb shocks. Such weak performance not only erodes the bank’s capital base but also constrains its ability to expand credit, thereby increasing reliance on external support. Consequently, these financial pressures have been accompanied by mounting challenges in maintaining the quality of the loan portfolio. In recent years, Assam Gramin Vikash Bank has experienced a steady rise in Non-Performing Assets which has emerged as a major

concern. The steady rise in gross NPAs from ₹155 crore in 2011–12 to more than ₹1,700 crore in 2020–21 indicates a severe deterioration in asset quality. The rising NPAs not only reduce interest income and profitability but also increase provisioning requirements, thereby straining the bank’s capital base and limiting its capacity to extend fresh credit. Persistent asset quality issues can undermine depositor confidence and impact the bank’s overall financial stability. To address this, Assam Gramin Vikash Bank has implemented measures such as recovery camps, use of mobile recovery vans, participation in Lok Adalats, enforcement under SARFAESI, and close monitoring of stressed accounts. While these measures are steps in the right direction, it is essential to analyse NPAs on a sector-wise basis to identify which sectors contribute most to asset quality deterioration. For a proper understanding, sector-wise Gross NPA to advances has been examined to determine the areas where the bank faces the highest credit risk and to formulate targeted strategies for recovery and risk mitigation. This analysis helps in assessing the effectiveness of bank’s credit management across different segments such as agriculture, industry, services, and personal loans. It provides a clear picture of where the bank’s lending operations are performing well and where corrective actions are urgently needed. By examining these sector-wise NPAs, the bank can prioritize its recovery strategies, strengthen monitoring mechanisms, and refine its lending policies. As 10 years data was not available so data pertaining from 2015-16 to 2020-21 is shown below for sector wise gross NPA in agriculture, industries, services and personal loan.

Table: 5.2
Gross NPA to total advances in Agricultural sector

Year	Advances (in crore)	Gross NPA (in crore)	% of gross NPA to total advances in agriculture
2015-16	1697.81	186.43	10.98
2016-17	1857.93	270.25	14.55
2017-18	1846.44	578.38	31.2
2018-19	1819.13	652.86	35.89
2019-20	1989.67	599.81	30.15
2020-21	2300.98	614.1	26.69

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

Table: 5.3
Gross NPA to total advances in industrial sector

Year	Advances (in crore)	Gross NPA (in crore)	% of gross NPA to total advances in agriculture
2015-16	417.06	121.85	29.22
2016-17	435.36	151.12	34.71
2017-18	387.25	289.09	74.65
2018-19	322.42	269.5	83.59
2019-20	301.48	237.58	78.8
2020-21	258.73.	220.06	85.05

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period
of 2011-12 to 2020-21

Table: 5.4
Gross NPA to total advances in service sector

Year	Advances (in crore)	Gross NPA (in crore)	% of gross NPA to total advances in agriculture
2015-16	1191	319.83	26.86
2016-17	1040	352.8	33.93
2017-18	951.1	381.4	40.1
2018-19	837	533.75	63.77
2019-20	467	60.44	60.44
2020-21	781.2	453.5	58.06

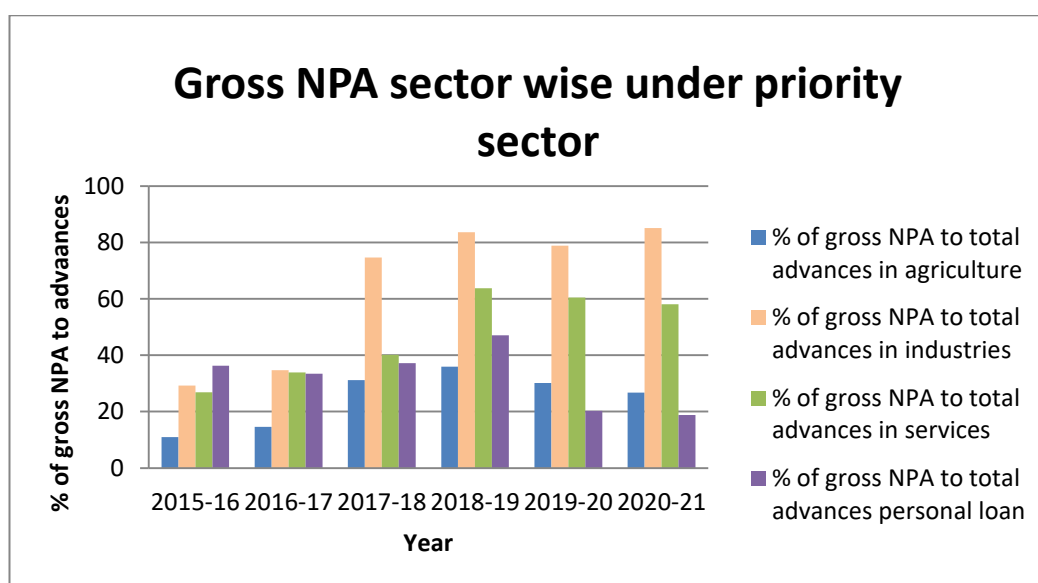
Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period
of 2011-12 to 2020-21

Table:5.5
Gross NPA to total advances in personal loan sector

Year	Advances (in crore)	Gross NPA (in crore)	% of gross NPA to total advances in agriculture
2015-16	294.97	107.1	36.31
2016-17	311.89	104.29	33.44
2017-18	258.08	95.95	37.18
2018-19	247.1	116.36	47.09
2019-20	409.31	83	20.28
2020-21	438.58	82.35	18.78

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period
of 2011-12 to 2020-21

Figure : 5.1



From the table figure 5.1 it can be analysed that although all the sectors have high gross NPA, but the industrial sector faced the most severe credit risk and loan recovery. In 2020–21, nearly 85% of industrial loans turned into bad loans, indicating very weak repayment performance. The services sector also exhibited high stress, with NPAs crossing 60% in 2018–19, while the agriculture sector faced moderate pressure, recording around 35% NPAs in the same year before showing slight improvement later. In contrast, the personal loan segment performed relatively better, with NPAs declining to 18.78% in 2020–21. The high NPA ratio also implies that a large portion of industrial advances turned non-performing, adversely affecting the bank's profitability and asset quality. Generally, the inappropriate repayment schedule by the borrowers contributes to this high NPA in these sectors, as the loan repayment plan does not match the borrower's income cycle. For a rural bank in Assam, this is a critical issue. Moreover, most of its customers in the rural banks are farmers who have no regular monthly salary to make these payments. This leads to defaults even if the farmer has the capacity to repay later. Even many of the industrial units financed by the bank are small and medium enterprises (SMEs) that often face irregular cash flows, market fluctuations, and operational inefficiencies. Delays in production, limited access to raw materials, and weak demand in local markets further affect their repayment capacity. Moreover, inadequate project evaluation and overestimation of profit potential at the time of sanctioning loans

have led to poor loan performance. In several cases, industrial borrowers have diverted funds or failed to complete projects on time, resulting in large loan defaults. These issues collectively highlight that loan defaults in the bank are not solely the result of poor repayment discipline but also stem from deeper structural and informational gaps in the rural credit system. Furthermore, communication barriers, such as language differences and cultural factors, often hinder effective interaction between the bank and its customers. As a result, many potential clients remain unaware of the various products, services, and financial opportunities offered by the bank, limiting its outreach and reducing the overall effectiveness of financial inclusion efforts.

However, the growing adoption of digital banking presents an opportunity to bridge this gap. Digital platforms not only improve access to banking services but also enhance financial literacy and awareness among users by providing educational resources and interactive tools. These platforms help customers better understand financial products, budgeting, and savings strategies, thereby empowering them to make more informed financial decisions and participate more actively in the formal banking system. Yet, despite these advantages, digital transformation is not without challenges. According to (Roy, Arundhati)² despite the significant benefits of digital banking for financial inclusion, several challenges and risks must be addressed to ensure its sustainable growth in emerging markets. One of the most pressing concerns is cyber security. As more individuals engage with digital financial services, the risk of cyber-attacks and data breaches increases. Therefore, it is essential to handle digital transactions with extreme care and awareness. In the context of Assam Gramin Vikash Bank these digital challenges are compounded by its institutional structure as a government-sponsored bank. While this association allows the bank to align closely with various developmental and welfare programmes aimed at uplifting rural communities, it also exposes the bank to external influences beyond its control. Loan waiver announcements, politically motivated lending targets, and frequent policy interventions often disrupt normal banking discipline and create moral hazard among borrowers who anticipate periodic waivers. Consequently, such practices weaken repayment culture, increase non-performing assets (NPAs), and reduce profitability. To operate effectively in this evolving digital and policy environment, the bank must be granted greater operational autonomy and adopt transparent governance frameworks that safeguard its management from undue external

interference, thereby ensuring both financial stability and sustainable digital inclusion.

Moreover, from the perspective of bank officials, the bank continues to face several operational and structural challenges that hinder its performance and credit recovery. One of the foremost issues is the lack of proper planning at the grassroots level, as credit budgets and plans are often prepared at the head office without adequate consideration of local realities such as infrastructural facilities, credit demand, or the socio-economic background of borrowers. This top-down approach results in unrealistic targets and ineffective credit deployment. Moreover, improper identification of borrowers and projects remains a major cause of poor loan recovery. Loans are frequently sanctioned based on recommendations from sponsoring agencies rather than genuine financial need or project viability, leading to the inclusion of ineligible or unskilled beneficiaries and, consequently, weak repayment culture. Another significant concern is the mismatch between project cost and sanctioned credit, which forces borrowers to arrange additional funds at higher costs, adversely affecting project outcomes and repayment capacity. The absence of adequate rural infrastructure, including roads, electricity, and communication facilities, further complicates banking operations and discourages staff from staying in their places of posting, thereby limiting their engagement with local communities. Incomplete land and ownership records also create challenges in assessing borrower eligibility and securing loans, while the lack of collateral security results in higher incidences of bad debts. Additionally, factors such as defective project appraisal, insufficient staff training, political interference, inadequate legal enforcement mechanisms, and borrower unwillingness to repay exacerbate the bank's financial strain. Collectively, these issues undermine AGVB's operational efficiency, weaken its loan recovery mechanisms, and impede its mission of promoting inclusive and sustainable rural development. Therefore, addressing these structural and policy-level challenges through enhanced autonomy, better planning, and stronger governance is essential for the bank to achieve long-term financial resilience and effective rural transformation.

In addition to issues related to credit deployment and deposit mobilisation, maintaining compliance with regulatory norms is another crucial aspect of a bank's overall financial stability. One of the key indicators of such compliance is the Capital

Adequacy Ratio (CAR), which measures a bank's financial strength and its ability to absorb potential losses arising from risky assets. The regulators, under the Basel III framework, have set a minimum norm of 9% to ensure that banks remain adequately capitalised and capable of meeting unforeseen risks. It was found from the chapter 4 that the bank on an average have maintained CAR above the stipulated level except in the year 2018 (8.26%) 2019 (6.31%), 2020 (2.79%) and 2021 (2.09%) where the CAR of the bank stayed behind the regulatory minimum. A low CAR would limit its ability to extend credit to farmers, rural businesses, and other customers who rely on the bank for loans. Moreover, the depositors and investors may lose confidence in the bank's ability to safeguard their money if it is operating with such a low capital buffer. The primary reason for this free fall is the rapid erosion of its Tier-I capital, which is the bank's core capital, from over ₹381 crore to just ₹36 crore. This indicates that the bank has been suffering massive losses, likely from loans that were not repaid, which have completely wiped out its core financial base. Because of this, the bank is now severely undercapitalized and failing to meet regulatory norms. This puts the bank in a perilous position where even a small increase in loan defaults could push it towards insolvency. This capital crisis directly explains the low CD Ratio. However, a CD ratio consistently below the RBI's recommended benchmark of 60% from 2012 to 2021 highlights underutilisation of available deposits and signals inefficiency in credit deployment.

Therefore, the overall analysis of challenges of Assam Gramin Vikash Bank highlights deep-rooted operational and structural challenges that hinder its growth and sustainability. Following are the major challenges face by the bank under the study period:

- Persistent decline in the credit–deposit ratio
- Reduction in the net interest margin over the years
- Rising levels of non-performing assets (NPAs)
- Poor loan recovery efficiency
- Failure to maintain the Capital to Risk-Weighted Assets Ratio (CRAR) as prescribed by the RBI during 2017–18 to 2020–21

This dual challenge of fulfilling social lending obligations while maintaining financial viability demands a well-balanced and forward-looking strategic approach. To reinforce its overall position, the bank must modernise its credit appraisal and risk

management systems, strengthen monitoring and supervision mechanisms, and enhance operational efficiency across all functional areas. Timely recapitalisation and prudent financial management are also essential to improve its capital adequacy and lending capacity. Moreover, adopting innovative digital technologies can significantly improve service delivery, customer outreach, and financial inclusion, particularly in remote rural areas. Strengthening governance practices, promoting staff training, and fostering a performance-driven culture will further help in improving institutional resilience. With these reforms, Assam Gramin Vikash Bank can not only overcome its structural and operational challenges but also position itself as a catalyst for sustainable rural growth and inclusive economic development in Assam.

PROSPECTS OF ASSAM GRAMIN VIKASH BANK:

Assam Gramin Vikash Bank (AGVB) has emerged as a leading Regional Rural Bank (RRB) in the North Eastern region, playing a vital role in promoting financial inclusion, entrepreneurship, and sustainable rural development. However, the strong role in supporting agriculture and rural development has good prospects. The bank has always given priority to lending for sectors like agriculture, small industries, housing, and services, which help the rural population. According to the Reserve Bank of India guidelines, Regional Rural Banks must lend at least 75 percent of their total loans to these priority sectors. AGVB has done even better, maintaining more than 83 percent lending to these areas every year. The share of agricultural and allied loans increased steadily from 29.12 percent in 2011–12 to 52.25 percent in 2020–21, showing the bank's growing focus on the farming sector. This has helped many farmers get access to credit for crops, livestock, and other rural activities. The bank's experience in managing Kisan Credit Cards (KCC) and Joint Liability Groups (JLGs) also gives it an advantage in reaching small and marginal farmers. Although the number of KCCs issued has fluctuated over the study period, the highest number of Kisan Credit Cards (KCCs) was issued in the year 2019–20, with a total of 123,398 KCCs. This indicates that 2019–20 was the peak year for agricultural credit disbursement under the KCC scheme, reflecting the bank's strong outreach to the

farming community during that period. With Assam's focus on organic farming, dairy, fisheries, and food processing, the bank has an opportunity to expand its credit to these value-added areas. This will help increase rural income and reduce the risks linked to traditional crop loans. Overall, the bank's strong foundation and rural focus give it a bright future in promoting sustainable rural development in Assam.

Since its inception in 2006, Assam Gramin Vikash Bank has played a vital role in empowering rural women through Self-Help Groups (SHGs). By linking these groups with formal credit facilities, the bank has helped thousands of women from marginalized sections of society become part of the economic mainstream. Most of these women earlier had very limited income and opportunities, but the SHG-bank linkage program has become a milestone in promoting financial inclusion and women empowerment in rural Assam. As rightly stated by former President Dr. A.P.J. Abdul Kalam, "women's empowerment is essential for a good nation, stating, when women are empowered, society with stability is assured". And as the availability of financial services is limited in rural areas, and the existing financial services intended for rural communities rarely benefit rural women (Taylor and Boubakri)⁴. So, the bank's initiatives reflect this vision by strengthening women's capacity to contribute to family, community, and national development. Through the SHG-Banking linkage, the bank has credit-linked over 3 lakh SHGs, benefitting an equal number of rural families under the National Rural Livelihood Mission (NRLM). These groups are engaged in small-scale income-generating activities such as weaving, tailoring, dairy farming, honey and jam production, handicrafts, and other agri-allied enterprises. These activities require minimal investment but provide sustainable income and self-reliance. The members of SHGs are also connected to various social security and financial schemes such as the Atal Pension Yojana (APY), insurance, and deposit programs, further ensuring their financial stability. The performance of the bank in SHG financing between 2011–12 and 2020–21 highlights its strong commitment to inclusive rural growth. SHG deposits increased from 11,666 in 2011–12 to 21,831 in 2016–17, indicating growing trust of rural women in the formal banking system. Similarly, loans to women beneficiaries rose from ₹45.57 crore in 2012–13 to ₹165.45 crore in 2016–17, reflecting the bank's active support for women entrepreneurs (AGVB Annual

Report,)³. These efforts have not only boosted women's participation in the rural economy but have also improved their social status and decision-making power within their households and communities. Overall, the bank's SHG and women-centric initiatives have paved the way for sustainable, inclusive, and equitable rural development in Assam, empowering women as key drivers of social and economic progress.

Alongside these efforts, the bank's support for Micro, Small, and Medium Enterprises (MSMEs) further strengthens the foundation for inclusive growth by creating opportunities for entrepreneurship, productive employment, and income diversification. Together, these initiatives enable rural communities to move beyond subsistence activities toward greater economic resilience and long-term development. With Assam's growing focus on small manufacturing and processing clusters, the bank is strategically positioned to support entrepreneurship in sectors such as food processing, handloom, handicrafts, agro-based industries, and small-scale manufacturing. By developing partnerships with state industry departments, District Industries Centres (DICs), and development agencies, the bank can link credit with technical assistance, skill training, and market access. This integrated approach would enhance productivity and profitability among rural entrepreneurs while ensuring better credit sustainability. Expanding MSME financing also holds social importance, as it generates self-employment opportunities, especially for youth and women, thereby reducing rural-to-urban migration. Furthermore, the bank has leveraged government schemes such as the Prime Minister's Employment Generation Programme (PMEGP), Stand-Up India, and Mudra Yojana to expand credit outreach while reducing risk through credit guarantee mechanisms. Supporting value-chain financing, renewable energy enterprises, and rural service industries can help the bank diversify its income base beyond agriculture and maintain a balanced, stable portfolio. By encouraging innovation, inclusivity, and collaboration, the bank can emerge as a key driver of entrepreneurship and sustainable rural industrialisation in Assam.

Green Banking and Sustainable Development

The growing global and national emphasis on sustainable development presents the bank with an opportunity to pioneer green banking initiatives in Assam. With increasing awareness of environmental challenges and the government's focus on clean energy, the bank can play a major role in financing renewable and climate-resilient projects. By supporting initiatives such as solar irrigation pumps for farmers, biogas units, solar rooftops, and eco-friendly rural enterprises, the bank can contribute to environmental protection while diversifying its loan portfolio. Encouraging climate-smart agriculture, organic farming, and environment-friendly production methods will not only benefit rural communities but also align with the Sustainable Development Goals (SDGs). These initiatives can attract funding and concessional loans from international development agencies, multilateral banks, and green finance programs, thereby enhancing the bank's capital strength. The bank can further introduce innovative products such as green credit lines, loans for renewable energy businesses, and sustainability-linked financing for entrepreneurs engaged in eco-tourism, recycling, or sustainable handicrafts. Adopting digital and paperless banking solutions can reduce operational costs and carbon footprint, supporting the "Digital India" and "Sustainable Finance" missions. By embedding sustainability in its core strategy, the bank can strengthen its reputation as an environmentally responsible financial institution and ensure long-term resilience in a changing global economy.

Additionally, AGVB's emphasis on providing social security and financial services for all, like micro-insurance and pension plans for underprivileged groups, shows its dedication to fair and sustainable growth. Through these combined efforts, the bank not only contributes to environmental preservation but also promotes financial inclusion and social well-being, thereby advancing the broader goals of green banking and sustainable rural development in Assam. Through a tie-up with Bajaj Allianz Life Insurance Company Ltd., the bank offers a range of Micro Insurance products designed to safeguard low-income households from unforeseen financial shocks. In addition, to support workers from the unorganised sector and retired persons, the bank has introduced pension schemes providing monthly pensions of Rs 1,000, 2,000, 3,000, 4,000, or

5,000 at the age of 60, depending on the subscriber's contribution. During the reporting period, the bank successfully enrolled 44,814 subscribers under the Atal Pension Yojana (APY), 7767 policyholders under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and 109374 policyholders under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) as on 2021. These achievements highlight the bank's strong commitment to deepening financial inclusion and social protection. By combining micro-insurance, pension, and welfare products with its mainstream banking services, the bank not only secures the financial well-being of rural families but also builds lasting trust among its customers. In the future, expanding digital channels and doorstep banking can further enhance accessibility and convenience, particularly for women and elderly customers. Through these initiatives, the bank is positioning itself as a people-centric and socially responsible rural bank that promotes financial literacy, resilience, and empowerment at the grassroots level.

Product Diversification and Innovation in Banking Services

In the changing landscape of rural banking, Assam Gramin Vikash Bank (AGVB) recognizes that innovation and diversification of financial products are essential to meet the evolving needs and aspirations of its customers. The people's preferences, lifestyles, and financial expectations are constantly changing, and banks must adapt accordingly to remain relevant and competitive. Traditionally, the bank's core focus was limited to accepting deposits and advancing loans; however, with the dynamic financial ecosystem and growing policy support, the bank has successfully diversified its range of products and services to cater to a wider segment of society. In recent years, the bank has introduced several government-sponsored and customer-centric programmes such as the Prime Minister's Employment Generation Programme (PMEGP), Kisan Credit Card (KCC), Apon Ghar Scheme, Swami Vivekananda Youth Empowerment (SVAYEM) Yojana, PM Street Vendors Atma Nirbhar Nidhi (PMSVANIDHI), and the Pradhan Mantri Awas Yojana (PMAY). These initiatives have enabled the bank to reach diverse customer groups, including farmers, small entrepreneurs, street vendors, and youth seeking self-employment. The bank has also expanded its focus on financial inclusion through basic savings accounts and the establishment of Rural Self-Employment Training Institutes

(RSETIs), which play a key role in developing skills and promoting entrepreneurship among rural populations. The bank's active participation in social security schemes such as the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) has further enhanced its reputation as a people-oriented institution. These programs provide financial protection to low-income households, thereby fostering long-term customer trust and loyalty. The bank's well-established trust and extensive physical presence across Assam give it a strong competitive advantage over new entrants, including private and digital banks. Looking ahead, the bank can leverage this position by expanding microfinance services, developing tailored loan products such as livestock loans, solar energy financing, and eco-friendly rural enterprise credit. Such innovations would not only help the bank capture latent demand in rural areas but also contribute to sustainable livelihood creation and environmental conservation. By aligning its product strategy with changing customer needs and government development priorities, the bank can continue to play a transformative role in rural Assam's economic landscape. The expansion of innovative, inclusive, and socially responsible financial products will ensure that the bank remains a key driver of growth, empowerment, and prosperity in the region.

In addition to product diversification, the bank has actively promoted financial literacy and banking awareness through Financial Literacy Camps, Village Outreach Programs, and Rural Self-Employment Training Institutes (RSETIs). These initiatives have encouraged rural households to open savings accounts, use credit responsibly, and engage more actively with formal financial institutions. The consistent increase in the number of rural account holders and savings deposits reflects the growing trust of the community in AGVB's services and its commitment to inclusive growth. Furthermore the younger generation, in particular, is increasingly adopting digital banking platforms such as mobile banking, UPI services, and ATM facilities, providing AGVB with a strong opportunity to retain customers and offer diversified financial products. By promoting value-added services such as insurance, pension schemes, remittances, and micro-investments, the bank can further deepen customer engagement and ensure long-term loyalty. Moreover, AGVB's collaboration with government programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri

Jeevan Jyoti Bima Yojana (PMJJBY), and Atal Pension Yojana (APY) has helped extend essential financial services to the unbanked population. These initiatives not only enhance the bank's social impact but also expand its customer base through cross-selling and service diversification. With the spread of internet connectivity and mobile penetration in rural areas, the bank has the potential to become a technology-driven rural bank, promoting cashless transactions and improving operational efficiency. Continuous financial education, especially among women, farmers, and small entrepreneurs, will further strengthen financial inclusion and empower local communities economically.

However, the future growth and competitiveness of the bank also largely depend on its ability to leverage strategic partnerships and embrace technological advancements in banking operations. In an era of digital transformation, the bank can strengthen its position by collaborating with fintech companies, Non-Banking Financial Companies (NBFCs), and cooperative institutions to expand its outreach and enhance service delivery. Through such partnerships, the bank can access innovative credit assessment tools, streamline loan processing, and introduce customised products suited to the needs of rural customers. By adopting advanced credit analytics, real-time Management Information Systems (MIS), and automated loan appraisal mechanisms, the bank can significantly improve the efficiency, transparency, and accuracy of its lending process. The integration of data-driven technologies will not only reduce operational costs but also minimise risks associated with non-performing assets (NPAs). Collaborations with digital payment platforms, e-wallet providers, and micro-insurance companies can create new opportunities for fee-based income and strengthen the bank's role in the digital financial ecosystem.

Government Support and Policy Backing

As a government-sponsored Regional Rural Bank, the bank enjoys strong institutional and policy support from the Government of India, the Government of Assam, NABARD, and its sponsor bank. This support structure provides the bank with access to capital infusion, refinancing facilities, and concessional funds that are crucial for sustaining and expanding its priority sector lending operations. The policy framework under various government programs—such as the Aatmanirbhar Bharat Abhiyan, Prime Minister's Employment

Generation Programme (PMEGP), and Stand-Up India has significantly expanded the bank's role in supporting rural entrepreneurs, artisans, and micro-enterprises. Through these initiatives, the bank has been able to channel affordable credit to sectors that drive local economic activity, such as agriculture, handicrafts, rural services, and micro-enterprises. Its extensive rural branch network and deep understanding of local socio-economic conditions give the bank a unique edge in implementing these government schemes effectively. Moreover, the policy direction of the Reserve Bank of India (RBI) and NABARD continues to emphasise financial inclusion, digital transformation, and credit support to vulnerable sections, aligning well with the bank's mission and operational strengths. The bank also stands to benefit from on-going policy reforms promoting digital payments, financial literacy, and the expansion of credit infrastructure in rural areas. Government support in areas such as credit guarantee funds, interest subvention schemes, and direct benefit transfers further strengthens the financial health and outreach capacity of the bank. By efficiently utilising these opportunities, the bank can enhance its profitability while fulfilling its social and developmental objectives.

While my current study on the growth and performance of Assam Gramin Vikash Bank (AGVB) focuses on the period from 2012 to 2021, the inclusion of 2024 data serves to evaluate the bank's future prospects in terms of financial performance. In the rapidly evolving financial landscape, the analysis of recent data is essential for evaluating the current performance and future prospects of banking institutions. Over the years, the operational environment of banks, particularly Regional Rural Banks has been shaped by policy reforms, regulatory changes, technological innovation, and market dynamics. Therefore, examining the most recent performance indicators allows researchers to understand the effectiveness of strategic initiatives, identify emerging challenges, and project the bank's potential for sustainable growth. The table below illustrates the improvements in AGVB's banking performance, highlighting key metrics across two distinct periods: 2012 to 2021 and 2021 to 2024. This dual-period analysis provides insights into the bank's historical challenges and its potential for financial recovery and growth in the near future.

Table 5.6
Performance Indicators of Assam Gramin Vikash Bank (2012–2024)

Year	Branches	Deposits (cr)	Advances (cr)	Profit/loss (cr)	Gross NPA (cr)	Net NPA (cr)	CD ratio	CRAR %
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2011-12	369	4883.17	2601.55	78.18	155.26	83.67	53.28	10.73
2012-13	374	5531.28	3113.52	107.8	190.47	91.57	56.29	12.18
2013-14	396	6429.95	3667.7	38.09	363.57	168.86	57.04	11.47
2014-15	406	7418.85	3911.33	65.54	359.14	147.56	52.72	11.2
2015-16	409	7381.95	4132.19	38.61	844.51	607.96	55.98	11.51
2016-17	413	7924.2	4147.84	(-1.13)	1074.34	767.9	52.34	11.58
2017-18	413	8507.47	3914.8	(-138.19)	1482.69	1025.97	46.02	8.26
2018-19	413	9257.46	3646	(-49.21)	1711.88	1208.1	39.38	6.31
2019-20	473	11118.3	4042.89	(-187.68)	1501.62	997.74	36.36	2.79
2020-21	473	11510	4403.59	(-114.31)	1473.27	606.23	38.26	2.09
2021-22	472	11818	5044.1	0.01	1399.29	696.3	42.68	7.59
2022-23	468	12388.2	5947.43	-137.96	1170.17	551.46	48.01	7.82
2023-24	465	12469.8	6976.9	4.21	725.3	356.63	55.95	8.74

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2023-24

From the table 5.8 it can be revealed two phase of performance i.e 2012-2021 i.e the study period of my research and 2022 to 2024 i.e. The bank. Phase 1 (2012–2021) reveals that during this period, the bank witnessed significant growth in its branch network, increasing from 374 to 473 branches, a rise of 26.47%. Deposits were rising from 4,883.17 crore to 11,509.99 crore, reflecting strong mobilization of rural savings. Advances also grew substantially by 69.27%, from 2,601.55 crore to 4,403.57 crore, indicating increased credit deployment. However, despite growth in business, profitability declined sharply, with the bank moving from a profit of 78.18 crore in 2012 to a loss of 114.31 crore in 2021. Asset quality deteriorated considerably, with gross NPAs rising nearly nine fold from 155.26 crore to 1,501.16 crore, and net NPAs increasing from 83.67 crore to 606.23 crore. The credit-deposit (CD) ratio fell from 53.28% to 38.26%, suggesting that the bank was mobilizing more deposits than it could effectively deploy as credit. Capital adequacy also weakened dramatically, with CRAR dropping from 10.73% to 2.09%, indicating a serious risk to the bank’s financial stability and not meeting regulatory norms. The combined effect of rising operational costs, declining profitability, high levels of NPAs, and weakening capital adequacy significantly undermined the bank’s financial health during this period. Although outreach and business volumes increased, the sustainability and efficiency of operations deteriorated. High NPAs eroded income streams, reduced the bank’s ability to lend, and forced higher provisioning, which in turn weakened profitability. Consequently, despite growth in size and coverage, the bank’s overall performance during 2012–2021 can be characterized as financially strained, with structural challenges requiring urgent corrective action to restore stability and long-term viability. In phase 2 from 2022–2024 the bank shows signs of recovery and stabilization. Although the number of branches slightly reduced to 465, deposits continued to grow, reaching 12,469.81 crore, an 8.3% increase, while advances surged sharply by 58.4% to 6,976.9 crore, improving credit deployment and the CD ratio to 55.95%. However, profitability recovered modestly, returning to a small profit of 4.21 crore, and asset quality improved as gross NPAs declined by 22% to 1,170.17 crore, and net NPAs decreased by 41.2% to 356.63 crore. Notably, CRAR rebounded to 8.74%, reflecting a strengthened capital position and better compliance with regulatory requirements. Overall, the two phases indicate that while 2012–21 was marked by rapid expansion coupled with deteriorating financial health, 2021–24 shows efforts toward recovery, improved asset quality, and stabilization of

the bank's operations. Thus, the financial performance of Assam Gramin Vikash Bank reflects a period of rapid growth followed by recovery and stabilization. Over the years, the bank has shown resilience by improving its operational efficiency, strengthening its asset quality, and expanding its outreach across rural and semi-urban areas. With renewed focus on technology-driven services, better risk management, and customer-centric policies, the bank is gradually rebuilding its financial strength and market confidence. These strategic improvements have created a strong foundation for future growth, enabling the bank to diversify its activities and align its operations with developmental goals such as rural empowerment, sustainability, and digital inclusion. Therefore, the overall analysis of prospects of Assam Gramin Vikash Bank highlights several promising avenues for growth and development. Following are the major prospects of the bank:

- ❖ Expansion of Social Security and Pension Schemes
- ❖ Adopting Strategic Product Diversification and Digital Initiatives
- ❖ Promoting Green Banking and Sustainable Development
- ❖ Expansion through Financial Inclusion Infrastructure
- ❖ Gradual Recovery in Profitability

Thus to conclude, Assam Gramin Vikash Bank faces a range of challenges, including a low Net Interest Margin (NIM), high operational costs due to maintaining a vast branch network in remote areas, a limited customer base primarily focused on agriculture, and the risk of non-performing assets (NPAs) stemming from the rural economy's vulnerabilities. These factors make it difficult for the bank to maintain profitability while ensuring financial stability and supporting the rural population. One of the primary issues is financial sustainability, as these banks often struggle with low profitability due to high operational costs, limited revenue streams, and a high proportion of non-performing assets (NPAs). This is exacerbated by their focus on serving economically weaker sections, which often results in smaller loan sizes and higher risk. Another significant challenge is technological backwardness. Many banks lack the infrastructure and resources to adopt modern banking technologies, which limits their efficiency and ability to compete with larger commercial banks. This technological gap also affects customer experience, as rural customers increasingly demand digital banking services. Regulatory and operational constraints further complicate their functioning. However, prospects of Assam

Gramin Vikash Bank remain strong, despite recent financial strains. Its expanding deposit base, deep rural presence, government backing, and social orientation provide a robust foundation for growth. The bank has ample opportunities to capitalise on the digitalisation wave, strengthen MSME and agricultural credit, promote women entrepreneurship through SHGs, and enhance recovery efficiency through technology and staff training. By strategically addressing operational inefficiencies and leveraging its social mandate, the bank can transform into a financially sound and socially impactful institution leading rural banking in Northeast India.

* * * * *

References

1. Devi, Savitha 2014, Problems and Prospects of Regional Rural Banks in India, International Journal of Managerial Studies and Research, Volume 2, Issue 3, ISSN 2349-0330
2. Arundhati Roy, Narayan,R , 2023 The Impact of Digital Banking on Financial Inclusion in Emerging Markets, Proceeding of The International Conference on Economics and Business
3. AGVB Annual report 2012-2021
4. Taylor, S. & Boubakri, N. 2013. Women and finance: unlocking Africa's hidden growth reserve. Financial Inclusion in Africa, pp. 75–83. Tunis, African Development Bank Group.

.

CHAPTER 6

CONCLUSION

In light of the analysis in the preceding chapters, an attempt has been made to summarise the entire study of the thesis and highlight some measures required for further improvement in the form of recommendations. Recommendations are made to suggest broad guidelines to the state government, NABARD, policymakers, stakeholders and the general public at large.

Assam Gramin Vikash Bank is one of the pioneer regional rural banks working in the state of Assam. It has a great responsibility of bringing the rural people within the net of formal banking services. It should be noted that more than half of the population still lives in rural areas, depending upon regional rural bank. Therefore the development of this bank is a key to the overall progress of the state's economy and remains crucial not only in ensuring financial security but also in uplifting the rural economy. Keeping these main issues in mind, the objectives of the study are: To review the existing scenario of Assam Gramin Vikash Bank, to examine the organisational and management pattern and source of finance, to analyse the Credit Deposit growth, to study the profitability and capital adequacy and to examine the Challenges and Prospects of Assam Gramin Vikash Bank. Consistent with the stated objectives, two major hypotheses have been formulated: the first hypothesis, the growth and performance of the Assam Gramin Vikash Bank is not satisfactory. Secondly, Non-Performing Assets of Assam Gramin Vikash Bank affects the profitability of the Bank.

TESTING OF HYPOTHESIS:

The entire research work is followed by following two predetermined hypotheses:

1. The growth and performance of the Assam Gramin Vikash Bank is not satisfactory.
2. Non-Performing Assets of Assam Gramin Vikash Bank affects the profitability and liquidity of the Bank.

Testing of hypothesis I

The overall growth and performance of the Assam Gramin Vikash Bank is not satisfactory.

H₀: The overall growth and performance of the Assam Gramin Vikash Bank is not satisfactory

H₁: The overall growth and performance of the Assam Gramin Vikash Bank is satisfactory

Performance evaluation of the banking sector is an effective measure and indicator to check the soundness of economic activities of an economy. So, to measure the overall growth and performance of the AGVB in the state is satisfactory or not, CAMEL model has been used. “CAMELS” is basically a ratio based model for evaluating performance of banks. (Agarwal, Ravi.) Under this system, each banking institution subject to onsite examination is evaluated on the basis of five (now six) critical dimensions relating to its operations and performance, which are referred to as the component factors. These are Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality and Liquidity. These parameters are used to reflect the operating performance, financial performance and regulatory compliance of the banking institutions world over. A sixth component relating to Sensitivity to market risk has been added to the CAMEL rating in 1996 to make the rating system more risk-focused. (Sahadevudu, Balaga). Through this model, it is highlighted that the position of the banks under the study is sound and satisfactory so far as their capital adequacy, asset quality, management capability and liquidity is concerned. The various ratios forming this model are as follows:

Table 6.1
Constituents of CAMELS model

Abbreviations	Parameters	Ratios
C	Capital Adequacy	Capital Adequacy ratio
		Debt Equity Ratio
		Net Advances to total assets ratio
		Government Securities to Total Investment ratio
A	Asset Quality	Net NPAs to Total Assets
		Net NPAs to Net Advances
		Total Investments to Total Assets
M	Management Efficiency	Total Advances to Total Deposits
		Business per Employee
		Profit per Employee (PPE)
E	Earnings & Profitability	Operating profit to Average Working
		Spread to Total Assets (SP/TA):
		Net profit to Assets
		Net NPAs to Net Advances
		Total Investments to Total Assets
L	Liquidity	Liquid Assets to Total Assets
		G-Sec to Total Assets
		Liquid Assets to Demand Deposits
		Liquid Assets to Total Deposits

Capital adequacy is one of the most important components of the CAMEL model, as it evaluates a bank's ability to absorb losses and maintain financial stability in adverse conditions. It reflects the strength of the bank's capital base, which safeguards depositors' interests and ensures that the bank can sustain operations even in times of stress. The present analysis examines four crucial ratios Capital Adequacy Ratio (CAR), Debt-Equity Ratio, Net Advances to Total Assets

Ratio, and Government Securities to Total Investment Ratio of the bank from 2011–12 to 2020–21 to assess its capital soundness and resilience.

Table 6.2
CAPITAL ADEQUACY

Year	CRAR	Debt Equity Ratio	Net Advances to total assets ratio	Government Securities to Total Investment ratio
2011-12	10.73	0.61	0.46	0.97
2012-13	12.18	0.50	0.48	0.98
2013-14	11.47	0.42	0.50	0.98
2014-15	11.2	1.02	0.44	0.96
2015-16	11.51	1.34	0.46	0.92
2016-17	11.58	1.43	0.44	0.96
2017-18	8.26	1.00	0.42	0.97
2018-19	6.31	1.51	0.36	0.97
2019-20	2.79	1.16	0.35	0.87
2020-21	2.09	5.68	0.36	0.86

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

The table 6.2 shows that the Capital Adequacy Ratio (CAR) shows a fluctuating yet declining trend over the ten-year period. The ratio was 10.73% in 2011–12, increased to 12.18% in 2012–13, and remained above the regulatory benchmark (9%) until 2016–17. This indicated that during the initial years, the bank was well-capitalized and financially sound, capable of meeting its obligations and absorbing credit risks. However, the CAR fell drastically thereafter to 8.26% in 2017–18, 6.31% in 2018–19, 2.79% in 2019–20, and further down to 2.09% in 2020–21. This sharp deterioration signifies a serious decline in capital strength, potentially due to increasing NPAs, declining profitability, and higher provisioning requirements. The low CAR in later years implies that the bank faced difficulties in maintaining regulatory capital norms, which could affect its lending ability and financial stability. However, the Debt-Equity Ratio, which indicates the proportion of borrowed funds to the bank’s own capital, also shows considerable variation. It was relatively low and stable during the first few years i.e. 0.61 in 2011–12, 0.50 in

2012–13, and 0.42 in 2013–14, suggesting a healthy capital structure and low dependence on external borrowings. However, the ratio rose sharply to 1.34 in 2015–16 and 1.43 in 2016–17, showing increased reliance on debt financing. The ratio further fluctuated, reaching 1.51 in 2018–19, which indicates higher leverage and greater financial risk. The most alarming figure is 5.68 in 2020–21, which reflects severe borrowings by the bank. Moreover, the Net Advances to Total Assets Ratio measures the proportion of total assets deployed in advances, reflecting the bank's efficiency in using its resources for lending. However, the ratio remains same between 0.44 and 0.50 during 2011–14, showing a balanced approach to asset deployment. But, it gradually declined to 0.35–0.36 by 2019–20 and 2020–21, indicating that the share of advances in total assets decreased over time. This suggests a shift in the bank's operational focus, possibly due to risk aversion following rising NPAs or weak credit demand. The declining trend also implies lower income generation potential from core lending activities, which may have adversely affected profitability.

Likewise, in case of the Government Securities to Total Investment ratio remained consistently high from 2011–12 to 2018–19, indicating a strong preference for safe and risk-free investments. A higher proportion of government securities imply lower credit risk exposure, as these instruments are backed by the government. However, the ratio sharply declined to 0.87 in 2019–20, suggesting a shift towards more investment of mutual funds and debentures. The overall trend suggests that AGVB maintained a conservative investment policy for most of the study period. Overall, the Capital Adequacy analysis under the CAMEL model paints a concerning picture of Assam Gramin Vikash Bank's capital and solvency position over the period of study.

The quality of assets is one of the most critical parameters of the CAMEL model, as it reflects the financial health, credit risk exposure, and efficiency of a bank in managing its loan portfolio. Strong asset quality indicates prudent lending and recovery practices, while deterioration in asset quality signifies higher non-performing assets (NPAs), which adversely affect profitability, liquidity, and solvency. The given table presents four key ratios for evaluating the asset quality of the bank from 2011–12 to 2020–21, Net NPAs to Total Assets (NNPAs/TA), Net NPAs to Net Advances (NNPAs/NA), and Total Investments to Total Assets (TI/TA). These ratios together provide a comprehensive view of the credit quality, asset

deployment, and risk management efficiency of the bank over the decade. The following table shows asset quality under CAMEL model.

Table 6.3
ASSET QUALITY

YEAR	Net NPAs to Total Assets	Net NPAs to Net Advances	Total Investments to Total Assets
2011-12	0.01	0.03	0.23
2012-13	0.01	0.03	0.21
2013-14	0.02	0.05	0.19
2014-15	0.02	0.04	0.18
2015-16	0.07	0.15	0.23
2016-17	0.08	0.19	0.27
2017-18	0.11	0.26	0.41
2018-19	0.12	0.33	0.38
2019-20	0.09	0.25	0.36
2020-21	0.05	0.14	0.56

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

It is found from the table 6.3 that the Net NPAs to Total Assets ratio, which reflects the burden of non-performing assets on the bank's total resources shows that the ratio remained low at 0.01–0.02 during 2011–15, suggesting good asset quality in the initial years. However, it sharply increased to 0.07 in 2015–16, peaking at 0.12 in 2018–19, before dropping to 0.05 in 2020–21. This trend clearly indicates a period of stress between 2015 and 2019 when a large proportion of assets turned non-performing. However, the Net NPAs to Net Advances ratio, a key measure of the efficiency of credit risk management, portrays a rising trend from 0.03 in 2011–12 and 2012–13 to 0.33 in 2018–19. The consistent increase till 2018–19 reveals a serious issue in the loan portfolio quality and poor recovery performance. Moreover, the Total Investments to Total Assets ratio provides insights into the composition of the bank's asset base and its investment management strategy. The ratio fluctuated from 0.23 in 2011–12 to 0.56 in 2020–21, showing a significant increase in the proportion of investments in total assets. The rise in this

ratio, particularly after 2016–17, implies that the bank increasingly diverted funds from lending to investments, possibly to reduce credit risk and ensure stable returns from low-risk instruments such as government securities. While this shift enhances liquidity and stability, it also indicates a reduced focus on credit expansion, which could limit profitability in the long run. Overall, the asset quality analysis under the CAMEL model highlights a steady increase in net NPAs reflects deterioration in the credit quality, inefficient recovery mechanisms, and inadequate monitoring of advances.

The next one of the most crucial components of the CAMEL model is management efficiency, as it reflects how effectively the bank’s management utilizes resources, controls costs, manages risk, and ensures sustained profitability. Sound management is one of the most important factors behind any financial institutions performance. The given table presents three key management ratios for the period 2011–12 to 2020–21: Total Advances to Total Deposits, Business per Employee and Profit per Employee. These ratios collectively measure how effectively the management mobilizes deposits into loans, utilizes human resources, and generates profits.

Table 6.4
MANAGEMENT EFFICIENCY

YEAR	Total Advances to Total Deposits	Business per Employee	Profit per Employee
2011-12	53.28	4.28	0.04
2012-13	56.29	4.59	0.06
2013-14	57.04	4.95	0.02
2014-15	52.72	5.28	0.03
2015-16	55.98	5.42	0.02
2016-17	52.34	5.82	0.00
2017-18	46.02	6.39	-0.07
2018-19	39.38	7.30	-0.02
2019-20	36.36	8.21	-0.10
2020-21	38.26	9.64	-0.07

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

The table 6.4 shows the total advances to total deposits ratio which measures the efficiency of the management in deploying deposits into loans and advances, which are the main income-generating assets. During the initial years, the ratio was relatively healthy, standing at 57.04% in 2013–14, indicating efficient use of available deposits in advancing credit. However, after 2014–15, the ratio began to decline steadily, reaching a low of 36.36% in 2019–20, before a slight recovery to 38.26% in 2020–21. This downward trend suggests a conservative lending approach, possibly due to increasing non-performing assets (NPAs) and tightening credit norms.

However, the Business per Employee ratio, which measures total business (deposits plus advances) handled per employee, shows a consistent upward trend from 4.28 crore in 2011–12 to 9.64 crore in 2020–21. This continuous improvement signifies increased productivity, better employee utilization, and management's efforts to achieve operational efficiency. The sharp rise in business per employee, even during challenging years, reflects effective deployment of human resources, technological adoption, and branch rationalization strategies. However, while this upward trajectory is positive, it should be interpreted carefully as higher business per employee is also a result of a slower increase in workforce rather than a substantial rise in business volume from 2017-2018.

The Profit per Employee ratio, on the other hand, exhibits a negative trend which record (0.04–0.06 crore) during 2011–13, and then it started declining thereafter, turning negative from 2017–18 onwards. The worst performance occurred in 2019–20, with a profit per employee of –0.10 crore, followed by –0.07 crore in 2020–21. This clearly shows that despite rising business volumes, profitability per employee has declined sharply, mainly due to higher provisioning for bad loans, declining interest margins, and overall profitability stress. By analysing these three ratios together reveals that while business productivity per employee improved consistently, profitability and credit deployment efficiency deteriorated. This mismatch suggests that although the management succeeded in expanding the scale of operations and utilizing human resources more effectively, it failed to translate these efforts into sustainable profitability.

The, earnings performance under the CAMEL model, reflects a bank's ability to generate profit, absorb shocks, and maintain sustainability. The given table

presents five important profitability ratios of the bank from 2011–12 to 2020–21 — Operating Profit to Average Working Funds, Spread to Total Assets, Net Profit to Assets, Interest Income to Total Income, and Non-Interest Income to Total Income. Together, these ratios provide deep insights into the efficiency, stability, and future prospects of the bank’s earnings performance. This parameter also explains the sustainability and growth in earnings in the future.

Table 6.5
EARNING QUALITY

Year	Operating profit to Average Working Funds	Spread to Total Assets	Net profit to Assets	Interest Income to Total Income	Non-Interest Income To Total Income
2011-12	0.02	0.04	0.01	0.93	0.07
2012-13	0.03	0.04	0.02	0.95	0.05
2013-14	0.03	0.04	0.01	0.94	0.06
2014-15	0.01	0.03	0.01	0.94	0.06
2015-16	0.01	0.03	0	0.94	0.06
2016-17	0.01	0.02	0	0.83	0.17
2017-18	0.01	0.03	-0.01	0.9	0.1
2018-19	0.00	0.02	0	0.87	0.13
2019-20	0.01	0.02	-0.02	0.78	0.22
2020-21	0.02	0.02	-0.01	0.76	0.24

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

The table 6.5 reveals that the Operating Profit to Average Working Funds ratio, which measures the efficiency of fund utilization in generating operating income, began at 0.02 in 2011–12 and peaked slightly at 0.03 during 2012–13 and 2013–14, reflecting satisfactory operational performance in the early years. However, it declined to 0.01 or even 0.00 in the subsequent years, indicating reduced profitability from core operations. The marginal recovery to 0.02 in 2020–21 suggests some improvement, but overall, the trend indicates inefficiency in managing

working funds and rising operational costs relative to income. The total Spread to assets ratio remained relatively stable between 0.04 and 0.03 from 2011–15, showing a consistent interest spread during those years. However, it declined sharply to 0.02 from 2016–17 onwards, signifying narrowing margins due to increasing cost of funds or declining yields on advances. The consistent reduction in spread implies that the bank's ability to earn from its asset base has weakened, due to growing NPAs and subdued lending activities. The Net Profit to Assets ratio is also one of the most critical indicators of profitability, showing how efficiently total assets are used to generate net income. AGVB's net profits to assets ratio remained positive but marginal (0.01–0.02) till 2014–15, before turning negative in 2017–18 (-0.01) and 2019–20 (-0.02), and again in 2020–21 (-0.01). These negative values reflect persistent losses caused by high provisioning for NPAs, declining interest income, and limited growth in fee-based revenue. The overall trend highlights deterioration in profitability and indicates that the bank's earning capacity has been under severe pressure in recent years. The interest income to total income ratio, which reflects the reliance of the bank on traditional lending operations, remained very high in the early years 0.93 to 0.95 during 2011–15 demonstrating dependence on interest-based income. However, it declined steadily to 0.76 in 2020–21, revealing shrinking interest revenue, due to reduced advances from 2017-18. In contrast, the non-interest income to total income ratio exhibited a steady upward trend from 0.07 in 2011–12 to 0.24 in 2020–21. This increase indicates that the bank has been gradually diversifying its revenue base by focusing on fee-based activities, commissions, and other non-interest sources. While this diversification is a positive sign, the overall level of non-interest income remains insufficient to compensate for the decline in interest income and to reverse the profitability downturn. Overall, the earning analysis under the CAMEL model reveals that AGVB's profitability and earning stability have deteriorated over time. The declining operating profit, narrowing spread, and recurring net losses highlight inefficiencies in operations, poor asset returns, and high provisioning burdens.

The Liquidity Ratios of Assam Gramin Vikash Bank (AGVB), presented in the table 6.6 are vital indicators of the bank's ability to meet its short-term obligations and manage unexpected withdrawals of deposits. Under the CAMEL model, liquidity analysis helps determine whether the bank maintains an adequate

level of liquid assets to ensure smooth operations, customer confidence, and regulatory compliance. The key indicators examined here are Liquid Assets to Total Assets, Government Securities to Total Assets, Liquid Assets to Demand Deposits, and Liquid Assets to Total Deposits which together offer a comprehensive view of AGVB's liquidity management from 2011–12 to 2020–21.

Table 6.6

LIQUIDITY

YEAR	Liquid Assets to Total Assets	G-Sec to Total Assets	Liquid Assets to Demand Deposits	Liquid Assets to Total Deposits
2011-12	0.29	0.22	0.47	0.33
2012-13	0.29	0.20	0.51	0.34
2013-14	0.30	0.19	0.53	0.35
2014-15	0.36	0.17	0.68	0.43
2015-16	0.29	0.22	0.55	0.35
2016-17	0.30	0.26	0.54	0.36
2017-18	0.20	0.40	0.32	0.22
2018-19	0.24	0.37	0.36	0.26
2019-20	0.29	0.23	0.41	0.30
2020-21	0.11	0.48	0.15	0.11

Source: Compiled from Annual reports of Assam Gramin Vikash Bank for the period of 2011-12 to 2020-21

The table 6.4 reveals that the Liquid Assets to Total Assets (LA/TA) ratio reflects the portion of the bank's total assets that are easily convertible into cash to meet short-term needs. The ratio remained stable between 0.29 and 0.30 during 2011–14, indicating a satisfactory liquidity position in the initial years. It peaked at 0.36 in 2014–15, showing improved liquidity, possibly due to higher cash reserves or short-term investments. However, after 2015–16, liquidity began to fluctuate which drop drastically to 0.20 in 2017–18 and 0.11 in 2020–21. Likewise, the Government Securities to Total Assets during the first five years, the ratio remains between 0.17 and 0.22, reflecting a balanced investment approach. A significant increase was

observed from 0.26 in 2016–17 to 0.40 in 2017–18, and further up to 0.48 in 2020–21. This upward trend shows that the bank increasingly relied on government securities as a secure investment avenue. The Liquid Assets to Demand Deposits ratio provides insights into the bank's ability to meet withdrawals from highly volatile and short-term deposits. The ratio showed a steady improvement from 0.47 in 2011–12 to 0.68 in 2014–15, indicating that the bank maintained sufficient liquid reserves to cover immediate deposit withdrawals. However, after 2015–16, this ratio sharply declined to 0.32 in 2017–18 and even further to 0.15 in 2020–21, signifying a worrying trend. The reduction suggests that the liquidity cushion available to meet demand deposit obligations has eroded significantly, potentially exposing the bank to liquidity crises in the event of sudden withdrawals. The Liquid Assets to Total Deposits ratio exhibits a similar pattern. The ratio remained between 0.33 and 0.36 from 2011–17, suggesting a balanced and satisfactory liquidity position during that period. However, it fell sharply to 0.22 in 2017–18, 0.26 in 2018–19, and alarmingly to 0.11 in 2020–21. This consistent downward movement reflects declining liquidity levels and indicates that the bank's deposit base was increasingly backed by illiquid assets. These ratios together highlight a progressive weakening of the liquidity position of Assam Gramin Vikash Bank over the study period. The early years (2011–15) portray a well-managed liquidity structure with adequate liquid reserves and a healthy mix of investments. However, the later years (2016–21) demonstrate a clear deterioration in liquidity strength.

In the aspect of bank's sensitivity towards the changing market risk, the market conditions are assessed as to how the un-favourable changes in the interest rates, foreign exchange rates, commodity prices, fixed assets will affect the bank's performance. As, AGVB, meant for rural upliftment and the applicability of the market risk is not clearly specified for the RRBs. There is no particular mention above the sensitivity aspect in the AGVB's annual reports and any other bulletins thereof.

From the above analysis and discussions, it should be noted that, the overall performance of Assam Gramin Vikash Bank (AGVB) under the CAMEL model reveals a mixed scenario, with certain areas showing strength in the initial years, while the later period indicates significant deterioration in financial health and

operational efficiency. When all components of the CAMEL model are considered collectively, AGVB's overall performance appears unsatisfactory in recent years, despite having shown promise in the earlier period. The declining trends in capital adequacy, profitability, and asset quality overshadow the relatively good liquidity position. The deterioration in management efficiency and the persistent problem of NPAs have emerged as major concerns. These weaknesses not only undermine investor confidence but also pose challenges to long-term sustainability. Hence, the overall assessment under the CAMEL model suggests that the overall performance of Assam Gramin Vikash Bank is not satisfactory in the recent period, warranting strong corrective action and strategic restructuring.

Testing of hypothesis II

Non-Performing Assets of Assam Gramin Vikash Bank affects the profitability and liquidity of the Bank.

Test 1: H_0 : Non-Performing Assets of Assam Gramin Vikash Bank does not affects the profitability of the Bank.

H_1 : Non-Performing Assets of Assam Gramin Vikash Bank affects the profitability of the Bank.

Test 2 : H_0 : Non-Performing Assets of Assam Gramin Vikash Bank does not affects the liquidity of the Bank.

H_1 : Non-Performing Assets of Assam Gramin Vikash Bank affects the liquidity of the Bank.

Table 6.7

Regression analysis		
	Profitability	Liquidity
R Square	.634	0.053
Adjusted R Square	.589	-.066
t	-3.725	0.666
B (unstandardized Co-efficient)	-0.189	0.357

Predictors: (Constant), NPA

a. Dependent Variable: profit, liquid assets

The regression analysis reveals that Non-Performing Assets (NPAs) have a significant negative impact on the profitability of Assam Gramin Vikash Bank (AGVB), but no significant effect on its liquidity position. For profitability, the R^2 value of 0.634 indicates that 63.4% of the variation in profit is explained by NPAs. The negative unstandardized coefficient ($B = -0.189$) and significant t-value (-3.725) confirm that as NPAs increase, the profitability of the bank declines. This result is statistically significant at the 5% level, leading to the rejection of the null hypothesis (H_0). In contrast, for liquidity, the R^2 value of only 0.053 suggests that NPAs explain merely 5.3% of the variation in liquidity. The coefficient ($B = 0.357$) and t-value (0.666) are not statistically significant, indicating that NPAs have no meaningful effect on the bank's liquidity. Therefore, the null hypothesis (H_0) for liquidity is accepted. Overall, the findings imply that while rising NPAs considerably reduce AGVB's profitability, but they do not have a significant direct influence on its liquidity position. Normally, a rise in Non-Performing Assets (NPAs) reduces a bank's liquidity as funds become locked in unrecoverable loans. However, in the case of Assam Gramin Vikash Bank (AGVB), liquidity remained largely unaffected despite the increase in NPAs. This is mainly because the bank enjoys strong financial support from the Government and its sponsor bank, ensuring adequate liquidity reserves. AGVB also maintains a high share of assets in government securities and deposits, which are easily convertible to cash. Additionally, its low credit-deposit ratio and stable rural deposit base help sustain liquidity levels. The bank's conservative lending approach and access to refinancing facilities further shield it

from liquidity stress. Hence, while NPAs adversely impact profitability, their effect on liquidity in AGVB is minimal.

Major Findings based on the study: (based on secondary data analysis)

- The trend of deposits of the regional rural bank in Assam has increased steadily from 4883.17 crore in 2011-12 to 11509.99 crore in 2020-21, with some variations in the annual growth rate. Also, per-branch bank deposits gradually increased from 13.06 crore in 2011-12 to 24.33 crore in 2020-21. The comparison with the All-India position shows that the proportion of total regional rural bank deposits in Assam to the total Regional rural bank deposits at the All-India level has remained more or less the same (around 3%) during the period of 10 years.
- The analysis of the composition of deposits by types for 2011-12 to 2020-21 revealed that in Assam, saving deposits had the highest percentage share of 61.26 percent in 2011-12 and 69.50 percent in 2020-21. The share of term deposits, which was 29.24 percent in 2011-12, fell to 25.72 percent in 2020-21. During the same period, there was also a gradual decrease in the share of the current deposits from 9.50 percent in 2011-12 to 4.78 percent in 2020-21. The result of the growth rate analysis in the current deposit account is lower than other deposits.
- An estimate revealed that there has been a gradual increase in the quantum of total outstanding credit in Assam from 2601.55 crore in 2011-12 to 4403.59 crore in 2020-21, with some year-to-year variations in the annual growth. The per branch credit of the regional rural banks in Assam increased steadily from 6.96 crore in 2011-12 to 10.08 crore in 2015-16 and then fell down gradually to 8.55 crore in 2019-20 as credit disbursement has gradually decreased from 2017-18 onwards and no. of branches also remain same in 2017-19 and 2018-19.
- The compound annual growth rate of the total outstanding credit in Assam during the period 2011-12 to 2020-21 was 6 percent. The comparative figure for All India level was 12 percent whereas for Northeastern region was 9 percent. Thus, it can be clearly seen that the CAGR of bank credit in Assam was 50 percent lower than the All-India level.

- The bank's total priority sector advances grew from 2172.33 crore in 2011–12 to 3779.43 crore, showing a compound annual growth rate (CAGR) of 6.34%. Although the overall amount of priority sector lending has risen over the years, the bank has not been successful in improving the share of non-priority sector advances. By looking at the distribution of bank credit across sectors, the share of agricultural credit in the state's economy increased significantly from 29.12% in 2011–12 to 52.25% in 2020–21. Similarly, loans provided to the SSI/MSME sector also went up from 754.25 crore in 2012 to 1039.87 crore in 2021.
- The credit deposit ratio of the Assam Gramin Vikash Bank was 53.28 percent in 2011-12, which decreased to 38.26 percent in 2020-21. The CD ratio of AGVB is significantly low when compared with RRB as a whole. The same for RRBs was 63.7 percent in 2011-12, augmented to 71.4 percent in 2020-21, and for Northeast, it was 46.8 percent in 2011-12, which decreased to 38.31 percent in 2020-21. The reason for the significantly low ratio of AGVB may be attributed to non-recovery of loans, wilful non-payers, and lack of supervision of the end use of bank credit. This exhibited the area's poor credit absorption capacity and lack of entrepreneurial zeal to undertake viable projects.
- It has been observed that the recovery position was poorer in the farm sector than in the non-farm sector. In 2011-12, it was 62.29 percent for the farm sector and 72.13 percent for the non-farm sector. The lower recovery indicates erosion of banks' profitability and blocks bank credit from developmental projects in the area.
- In terms of NPA, net NPA to net advances of the bank has increased from 3.3% in 2011-12 to 22.83% in 2020-21. This trend of significant rise in the gross NPA and Net NPA of the bank does not appear to be the result of good loaning policies and their follow-up. NPAs have been posing the biggest challenge for these banks as increased NPAs affect the profitability and liquidity of the bank.
- It has been found that CAR of the bank from the year 2017-18 stood at 8.26 which took a downturn to 2.09 in 2020-21. As per the RBI guidelines minimum norm of CAR should be 9 percent. The study shows low CRAR,

which means the bank has insufficient buffer to cover loss arising from loan defaults

- It was found that bank faced heavy losses for five consecutive years from 2016-17 to 2020-21. The highest loss was in 2019-20 (-187.68 crore).
- Under CAMEL model, in terms of Capital Adequacy, AGVB performed satisfactorily during the early phase from 2011–12 to 2016–17, maintaining a Capital Adequacy Ratio (CAR) above the regulatory benchmark of 9%. However, from 2017–18 onwards, the CAR witnessed a drastic decline, falling to as low as 2.09% in 2020–21, which signals a serious capital deficiency. This fall indicates the bank's reduced ability to absorb shocks and reflects growing losses that have weakened its capital base. The rising Debt-Equity Ratio and declining Net Advances to Total Assets further confirm the erosion of capital strength and over-reliance on borrowings. Therefore, in terms of capital adequacy, the bank's performance has shifted from satisfactory to unsatisfactory in the later years.
- In the area of Asset Quality, the net to net advances increased steadily during the period, with rising from 3% in 2011–12 to 26% in 2017–18. High NPAs imply poor loan recovery, weak credit appraisal systems, and declining asset quality. This deterioration in asset quality also affected profitability and capital adequacy. The continuous increase in NPAs indicates that the bank's risk management and recovery mechanisms have not been fully effective, resulting in declining financial soundness.
- Regarding Management Efficiency, the ratios like Total Advances to Total Deposits, Business per Employee, and Profit per Employee provide valuable insights. While business per employee showed improvement over the years, rising from 4.28 to 9.64 ratio, this growth was more a result of expanding operations than productivity gains. Profit per employee turned negative after 2016–17, reflecting operational inefficiency and mounting losses. The declining advances-to-deposits ratio also suggests a conservative lending approach, due to rising NPAs. Hence, management performance can be rated as moderate but declining, with limited success in maintaining profitability and asset utilization efficiency.
- Under the Earnings parameter, the bank's performance was initially stable, with consistent operating profits and healthy spreads. However, from 2016–

17 onward, profitability began to deteriorate due to rising provisions and reduced interest income. The Net Profit to Assets Ratio turned negative in several years, indicating loss-making operations. Although non-interest income gradually increased, it remained insufficient to offset the decline in interest earnings. The overall earnings quality thus became weak, reflecting poor cost management, low returns on assets, and limited diversification of income sources.

- The Liquidity position of AGVB, however, remained relatively stable. Ratios such as Liquid Assets to Total Assets and Government Securities to Total Assets suggest that the bank maintained sufficient liquidity to meet its short-term obligations. This indicates a prudent liquidity management strategy, though at the cost of profitability. The rise in liquidity ratios in some years implies a shift towards safer investments during uncertain times, ensuring solvency but reducing returns.

Recommendations:

Regional Rural Banks (RRBs) play a critical role in promoting financial inclusion and supporting rural development. However, they face several challenges that hinder their effectiveness. Based on the analysis of their performance and the challenges they face, following recommendations are made for better performance of Assam Gramin Vikash Bank.

- As most of bank branches are located in rural areas, it is important to ensure their viability by introducing special financial incentives and benefits for staff posted in remote locations. Such measures can motivate employees and improve their efficiency and commitment. Additionally, the Reserve Bank of India (RBI) should strengthen its oversight of the bank, particularly during periods of financial stress, by restructuring the bank's board and introducing a performance-based branch grading system. This will help to ensure smooth functioning of the bank.
- The branch expansion policy of Regional Rural Banks (RRBs) should focus on strengthening rural outreach by considering factors such as population size and structure, local credit needs, the presence and effectiveness of other financial institutions, and the economic activities of the unorganised sector.

At the same time, emphasis should be placed on developing rural infrastructure to create a supportive environment for investment and to attract entrepreneurs from other regions, thereby fostering balanced regional growth and economic development.

- To solve the problem of unsuitable repayment schedules, the bank should fix repayment plans according to the borrower's current income, expenses, and the extra income earned from using the loan, instead of following fixed rules under the scheme. The bank should also allow flexible repayment options during crop failures and promote crop insurance and weather-based loan products. This will help protect both the borrowers and the bank from financial losses due to bad weather or poor harvests.
- Since the share of current deposits has declined from 9.50% in 2011-12 to 4.78% in 2020-21, the bank should target rural entrepreneurs, small businesses and SHGs for current account mobilization. The bank should offer simplified current-account opening procedures, tailor low-minimum balance products and partner with local business associations as higher share of current deposits enhances liquidity and operational flexibility for the bank.
- As the growth of loans has been slow the bank's credit growth rate is around 6%, much lower than the national average of 12%. To improve, the bank should design special loan schemes for rural sectors with high potential, such as horticulture, fisheries, dairy farming, and small-scale rural industries. It should also work with the state government, cooperatives, and microfinance organizations to provide training and guidance to borrowers. This can help borrowers use loans effectively and repay on time
- The Credit-Deposit (C/D) ratio of AGVB has gone down from 53.28% to 38.26% that means the bank is not using its deposits fully for lending. The bank should use more of its funds to provide loans to rural businesses, SHGs, and small industries, which will improve its income and help rural development. Studies show that RRBs with better use of their funds contribute more to the rural economy. Also the fall in per-branch credit from 10.08 crore in 2015-16 to 8.55 crore in 2019-20 shows that branch performance needs improvement. The bank can fix this by giving staff proper training, using digital technology, and improving how each branch is managed.

- AGVB's Capital Adequacy Ratio (CAR) has fallen to 2.09% in 2020–21, far below the RBI's minimum level of 9% under the Basel III rules. This means the bank urgently needs to raise more capital either from the sponsor bank, the government, or by retaining profits. This will make the bank financially stronger and able to face losses (RBI, 2023). The sharp rise in Non-Performing Assets (NPAs) to 47% shows weak loan appraisal and poor recovery systems. The bank must improve how it checks loan applications, monitor how loans are used, and introduce early warning systems to detect risky loans. Using technology for NPA tracking and recovery can help reduce defaults.
- For better management efficiency, AGVB should focus on automation, cost control, and staff skill development. Although business per employee has increased, the profit per employee has fallen, showing inefficient use of resources. The bank can improve this by introducing performance-based incentives and adopting digital tools to make operations faster. The bank should also try to earn more from non-interest sources like insurance, remittance, and digital services. Studies show that rural banks that diversify their income perform better in the long run
- In addition, the bank must enhance risk management and internal controls to prevent further financial deterioration. The continuous losses between 2016–17 and 2020–21 reflect weak risk governance. By strengthening internal audit functions and adopting periodic risk assessment frameworks can minimize operational risks. According to the World Bank (2023) robust risk management is crucial for sustainable profitability in rural banking institutions.
- Although AGVB has maintained a healthy liquidity position, it needs to balance between holding adequate liquidity and expanding profitable lending activities. While a cautious liquidity policy safeguards solvency, it may also limit profit growth. Therefore, the bank should uphold prudent liquidity practices while gradually improving returns from its investment.

The suggested improvements focus on enhancing financial sustainability, adopting technology, strengthening governance, and improving human resource management. Additionally, targeted efforts to support weaker sections,

women, and MSMEs, along with a focus on joint liability and climate resilience, can significantly improve the performance of RRBs. These measures, if implemented effectively, can help RRBs achieve their mandate of promoting financial inclusion and supporting rural development, contributing to the overall economic growth of rural areas.

Limitations of the study

The study is not without any limitation, and there is still a scope for further improvement and research in this area. Primary data collected from the respondents has been well taken care of to the best possible extent to avoid bias and misrepresentation, but could not be ruled from errors. The secondary analysis of the year-wise in deposits, credits, NPA, profits, CRAR used are mostly based on the data provided by the AGVB annual report, NABARD annual report, RBI bulletin, Assam Statistical Handbook. Moreover, enough care has been taken to ensure that the data collected is in conformity with the actual facts and figures with the concerned Department, Government of Assam, and with an aim to further encourage the policymakers of the state and to aware the customers about the available resources at their disposal for their further development of banking sector in the state. The study does not cover the other allied sectors but is confined only to banking sector of the state.

Scope for further research

Regional Rural Banks (RRBs) in Assam play a pivotal role in the financial inclusion of rural communities, helping to uplift the state's agricultural sector, small-scale businesses, and underserved populations. Even though efforts have been made to bring out reasonable conclusion about the prospects and challenges of regional rural bank in Assam, there is still a huge scope for further research on the present study. The present study is confined to Assam only. However, more pragmatic and practical evaluation may be given if similar research covers the state. More in depth analysis can also be drawn by comparing the bank with other North-eastern states.

Conclusion

Assam Gramin Vikash Bank (AGVB) holds a unique position in India as a Regional Rural Bank (RRB) dedicated to serving the rural population of Assam, a

state in northeastern India. It operates under the ownership of the Ministry of Finance, Government of India, and is the only RRB specifically established for Assam. AGVB was formed on January 12, 2006, through the amalgamation of four earlier RRBs—Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Cachar Gramin Bank, and Subansiri Gaonlia Bank—all originally sponsored by the United Bank of India (now merged with Punjab National Bank). Later, on April 1, 2019, it further merged with Langpi Dehangi Rural Bank, previously sponsored by the State Bank of India, under the sponsorship of United Bank of India. Since April 1, 2020, following the merger of United Bank of India with Punjab National Bank, AGVB has been sponsored by Punjab National Bank. In the context of India's banking landscape, AGVB plays a critical role in promoting financial inclusion and rural development, aligning with the original mandate of RRBs established under the Regional Rural Banks Act of 1976. With its head office in Guwahati and a network of 473 branches spread across Assam, it focuses on providing banking services to rural and underserved populations. Its three-tier structure—comprising the head office, nine regional offices (in Nalbari, Golaghat, Lakhimpur, Guwahati, Dibrugarh, Kokrajhar, Silchar, Tezpur, and Diphu), and its extensive branch network it enables it to cover the entire geographical area of Assam. AGVB's position in India is significant as a specialized institution aimed at uplifting the rural economy of Assam, a region with a predominantly rural population and unique socio-economic challenges. It facilitates agricultural growth, supports micro, small, and medium enterprises, and empowers rural youth and weaker sections through tailored financial services. While it operates within the national framework of RRBs, its exclusive focus on Assam sets it apart, making it a key player in the state's development and a model for rural banking in a geographically and culturally distinct part of India. By providing accessible banking services, credit facilities, and financial products tailored to the needs of farmers, artisans, and rural entrepreneurs, this bank is contributing to the socio-economic development of Assam. However, challenges such as low financial literacy, limited infrastructure, and the need for modernization still exist. Strengthening AGVB through improved technology, better outreach programs, and targeted financial literacy initiatives will enhance their ability to foster inclusive growth and reduce the urban-rural divide, ultimately contributing to Assam's overall economic progress. The growth and performance of Assam Gramin Vikash Bank from 2012 to 2021 reflect an unsatisfactory performance in regards to profit, CD ratio, NPA and CRAR

which are the major indicators of the financial health of the bank. However, struggles with NPAs and operational inefficiencies also, the bank emerged as a vital instrument of rural development in Assam by focusing on financial inclusion. The bank's steady expansion and socio-economic contributions affirm its alignment with the RRB mandate. Moving forward, embracing digital innovation, strengthening risk management, and leveraging policy support will be key to sustaining this momentum. This study not only celebrates AGVB's decade-long journey but also lays a foundation for its future evolution, offering a blueprint for rural banks navigating similar landscapes.

* * * * *

SEMI-STRUCTURED QUESTIONNAIRE

“Growth and Performance of Assam Gramin Vikash Bank: An Evaluative Study”

Section A: General Information

1. Designation: _____
2. Branch/Region: _____
3. Years of Service in AGVB:

- ☐ Less than 5 years
- ☐ 5–10 years
- ☐ 10–20 years
- ☐ More than 20 years

Section B: Planning and Credit Budgeting

4. To what extent do you agree with the following statements?
(1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)

a. Credit plans prepared at the Head Office adequately reflect the ground-level realities.

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

b. Branch-level inputs are sufficiently incorporated in annual credit planning.

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

5. In your experience, what challenges arise from top-down planning of credit targets?

Section C: Borrower Identification and Loan Sanctioning

6. Rate the following factors as challenges in borrower identification:
(1 = Not a Problem, 2 = Minor Problem, 3 = Moderate Problem, 4 = Significant Problem, 5 = Major Problem)

a. Recommendations from sponsoring agencies

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

b. Inadequate verification of financial need

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

c. Poor project viability assessment

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

7. In your opinion, what improvements are needed to strengthen borrower selection?

Section D: Loan Recovery and Repayment Issues

8. How serious are the following issues affecting loan recovery?
(1 = Not Serious, 2 = Slightly Serious, 3 = Moderately Serious, 4 = Serious 5 = Very Serious)

a. Ineligible/unskilled beneficiaries

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

b. Weak repayment culture

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

c. Mismatch between project cost and sanctioned credit

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

d. Borrower unwillingness to repay

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

9. Please describe the most common reasons for poor loan recovery in your branch:

Section E: Infrastructure and Operational Environment

10. Rate the adequacy of the following rural infrastructure elements for banking operations:

(1 = Very Poor, 2 = Poor, 3 = Moderate, 4 = Good 5 = Excellent)

a. Road connectivity

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

b. Electricity supply

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

c. Communication and network facilities

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

11. How do infrastructure limitations affect staff engagement with local communities?

Section F: Documentation and Legal Challenges

12. How frequently do the following issues affect credit assessment?
(1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Frequently, 5 = Very Frequently)

a. Incomplete land/ownership records

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

b. Lack of collateral security

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

13. How effective are current legal enforcement mechanisms for recovery?

- ☐ Very effective
- ☐ Moderately effective
- ☐ Slightly effective
- ☐ Not effective

14. Suggestions for improving documentation and legal processes:

Section G: Staff Capacity and Administrative Issues

15. Rate the significance of the following internal challenges:

(1 = Not Significant, 2 = Slightly Significant, 3 = Moderately Significant, 4 = Significant, 5 = Highly Significant)

a. Defective project appraisal

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

b. Insufficient staff training

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

c. Political interference

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

16. What types of training or capacity building programs are most needed for staff?

Section H: Overall Assessment and Suggestions

17. In your view, what are the top three challenges AGVB must address urgently?

1.

2.

3.

18. What policy level or structural changes would you recommend to improve credit deployment and recovery?

19. Any additional observations or suggestions:

BIBLIOGRAPHY

1. Assam Gramin Vikash Bank annual report (2012-2024)
2. Adhikari, Kingshuk Management of deposit and credit by Regional Rural Banks _a case study of Cachar Gramin Bank_ (CD Ratio)
3. Adhikari, K.(2009). Growth and problems of credit deployment by Regional Rural Banks- A case study. Banjiya, 2(1),
4. Anoop Kumar Singh and Ravi Agarwal (2017). A Comparative Study on Standalone and Amalgamated Regional Rural Banks Using Camels Approach. International Journal of Research in Humanities, Arts and Literature. 5(5), 61-71.
5. Anoop Kumar Singh and Ravi Agarwal (2017). A Comparative Study on Standalone and Amalgamated Regional Rural Banks Using Camels Approach. International Journal of Research in Humanities, Arts and Literature. 5(5), 61-71.
6. Abhay Kumar Kapre and Anil Kumar Soni (2013). A Comparative Study of Regional Rural Banks in Chhattisgarh State. International Journal of Economics, Commerce and Research (IJECR). 3(1), 79-86
7. Ahmed, J.U. (2014), Productivity Analysis of Rural Banks in India: A Case of Meghalaya Rural Bank, The NEHU Journal, Vol. XII, No. 1, January-June pp. 53-76
8. Amarendra Talukdar (2015). Role of Assam Gramin Vikash Bank in changing the economic condition of the farmers in the Nalbari District. International Journal of Humanities and Social Science. IV(II), 45-50.
9. Annoja, K. and Ramakrishnan, M.K. (2017). An Analysis of Financial Performance of Regional Rural Banks with Special References to Kerala Gramin Banks, International Journal of Financial Management, Vol.6, Issue 5, Aug-Sep, pp.5-12
10. Ahmad, Mudasir (2014), Performance of Regional Rural Banks: A Comparative Position of Regional Rural Banks in Jammu and Kashmir,

International Journal of Research in Management, Economics and Commerce, Vol.4, Issue: 7, July, www.indusedu.org

11. Akha Khou & L.Mothilal.(2018) Challenges of agricultural Production and marketing in Northeast, India. Journal of management (JoM), Volume5, issue4, Pp.520-524.
12. Assam Gramin Vikash Bank, Annual report, 2012-2021.
13. Acharya, S. & Mohanty, A. (2006) : Operational Analysis of Regional Rural Banks, Kalpaz Publications, New Delhi.
14. Anand, S.C & Ram, J. (1989) : Hand Book on Regional Rural Banks: Concepts& Operations. Vision Books, New Delhi.
15. Akha Khou, Dr. L. Mothilal, Challenges Of Agricultural Production And Marketing In Northeast, India, Journal of Management (JOM) Volume 5, Issue 4, July – August 2018, pp. 520-524, Article ID: JOM_05_04_055
https://www.researchgate.net/publication/334274441_Challenges_of_Agricultural_Production_and_Marketing_in_Northeast_India
16. Baligatti, Y.G. and Shilpa Danappanavar (2016). Performance Evaluation of Karnataka Vikas Grameena Bank towards Priority Sector Lending in Karnataka. IRA-International Journal of Management & Social Sciences. 4(2), 303-313.
17. Bhandari Govinda Prasad, 2012, Performance of regional rural banks an evaluative study of Meghalaya rural bank, Department of Management, North-Eastern Hill University
18. Bhattacharya P.C. and Sivasubramaniam M.N. (2001), Aspects of Banking Sector Reform in India, Economic and Political Weekly, Vol-36, No-43, Oct27-Nov2,pp-4151-4156
19. Bhanawat, S., & Kothari, S. (2013). Impact of banking sector reforms on profitability of banking industry in India. Pacific Business Review International, 6 (6), 60 - 65.
20. Census of India 2011
21. Chatterjee, Das, 2014, The Anatomy of Profitability, Efficiency and Productivity of Regional Rural Banks in Selected Backward Districts of West

- Bengal: A Panel Data Investigation, Vidyasagar University Journal of Commerce Vol. 19, 2014/ISSN 0973-591
22. Chanu, A.I., & Das. S. (2016) : A Study on Efficiency of Select Regional Rural Banks in India, The Indian Journal of Commerce.
 23. Chen, J. (2003). Capital adequacy of state commercial banks in China: Review and regulation. Journal of Banking Regulation, 4, 320–327.
 24. Deogirikar, A.B., 1986, Role of Marathwada regional rural bank in a backward region, Dr. Babasaheb Ambedkar Marathwada University, <http://hdl.handle.net/10603/100505>
 25. Devi, N. S. (2014). Problems and prospects of regional rural banks in India. International Journal of Managerial studies and research (IJMSR), 2(3), 69-72.
 26. Deka, P.K. & Sarmah, D. Agriculture: Micro Finance and Rural Development, Adhyayan Publishers 2014
 27. Das, Sujit (2020) Managerial Prerequisites of Regional Rural Banks in India to Identify and Utilize Different Influential Inputs by Pursuing the Best Practiced Resource Regenerating Process, Vol-68- Issue-1, ISSN: 0474-9030, <https://www.researchgate.net/profile/SujitDas19/publication/350689181>
 28. Das, R.L. (2013): The role of Agricultural Development Branches of State Bank of India in Assam with special reference to Barpeta District, Ph.D. Thesis, Guwahati University, Assam.
 29. Dhanraj, N, R and Sai kumar (2016b). A Review on Regional Rural Banks of India: Performance Analysis with Respect to Telangana State. Anveshana's International Research Journal in iii Regional Studies, Law, Social Sciences, Journalism and Management. 1(4).
 30. Elumalai G, 2001, Performance of regional rural banks A case study of adhiyaman grama bank Dharmapuri, Periyar University, <http://hdl.handle.net/10603/23166>
 31. Fanai, L. and Singh, B. (2015), Efficiency of Mizoram Rural Bank: A Test of Financial Strength, International Journal of Management and Social Science Research Review, Vol. I, Issue: II, May

32. Govinda Prasad Bhandari (2017). Regional Rural Banks in India: A Comparison of the Assam Gramin Vikas Bank and the Meghalaya Rural Bank. *Anusandhan-AISECT University Journal*. 6(12), 94-98
33. Ghouse, S. M., & Reddy, N. (2017, October). Indian Regional Rural Banks Growth and Performance. In *National Conference on Marketing and Sustainable Development October* (Vol. 13, p. 14).
34. Geetha, R.S. (2016), Performance Evaluation of Regional Rural Banks with Reference to Krishna Pragathi Gramin Bank, Shimogga District, *IOSR Journal of Business and Management*, Vol. 18, Issue: I, Version: I, Jan., pp. 42-56, www.iosrjournals.org
35. Goenka, Neelam, (2017) – Analysis of Operational Efficiency of Regional Rural Banks in Rajasthan, Ph.D Thesis, University of Kota, Rajasthan
36. Garg, Rashi (2021), RRBs in India's regional rural banking scenario, ISSN PRINT 2319 1775 Online 2320 7876, *IJFANS International Journal of Food and Nutritional Sciences*, Journal Volume 10, Issue 4. <https://www.ijfans.org/uploads/paper/d39ab37e1d40eb98d37c7249b94f53af.pdf>
37. Horváth, R., Seidler, J., & Weill, L. (2014). Bank capital and liquidity creation: Granger-causality evidence. *Journal of Financial Services Research*, 45 (3), 341- 361.
38. Hitesh Vaswani (2015). Role of Co-operative Banks and RRBs. *Tactful Management Research Journal*. 66-70. Retrieved from <http://oldtm.lbp.world/SeminarPdf/127.pdf>.
39. Jayaprakash, K and S.V.Subba Reddy (2016). Performance Evaluation of Andhra Pragathi Grameena Bank. *International Journal of Innovative Research and Advanced Studies*. 3(13), 383-389.
40. Jariwala, M. M. and Noronha, M. R. (2014), Performance of RRBs Before and After Amalgamation, *Journal of Research in Humanities and Social Sciences*, Vol. 2, Issue: 5, June, www.raijmr.com
41. Kumar, J., Metha, V. P., & Malik, D. P. (2019). Growth and performance of RRBs in India and Haryana. *Journal of Pharmacognosy and Phytochemistry*, 8(4), 1050-1055.

42. Kumarsoni, A. and Kapre, A. Performance Evaluation of Regional Rural Banks in India. National Monthly Refereed Journal of Research in Commerce and Management, vol . 1, no. 11, 2011. Anil
43. Kanika, Nancy (2013). Financial Performance Evaluation of RRBs in India. International Journal of Management & Information Technology. 4(2), 237-247.
44. Kumar, R., & Sharma, M. (2011). Rural banking in Himachal Pradesh: A comparative study of Himachal Gramin Bank and Parvatiya Gramin Bank. Political Economy Journal of India.
45. Krishna Rao, K V, 2006, A study on the role of Godavari Grameena Bank in rural development in West Godavari district Andhra Pradesh, Andhra University, <http://hdl.handle.net/10603/377979>
46. Kumar, Akash. (2018). Performance of Regional Rural Banks (RRBs) in Bihar: An Analytical Study, Journal of Engineering Technologies and Innovative Research, Vol.5, Issue 1, pp.756.762.
47. Kalita, Malay Agricultural credit in Assam with special reference to Assam gramini vikash bank a case study of Barpeta District
48. Kumar, Maneesh, An Appraisal of the Financial Performance of Kashi Gomti Samyut Gramin Bank with reference to CAMEL Model, 2017, Banaras Hindu University
49. Kashyap, Pinkumoni, Performance Evaluation of Regional Rural Banks in India vis-à-vis Assam Gramin Vikash Bank, 2014 , Sri Lankan Journal of Banking and Finance ,Volume. 2, No. 02
50. Kumar Ramchandani, Dr. Kinjal Jethwani, impact of credit deposit ratio (cdr) on bank profitability: evidence from scheduled commercial banks of India , kaav international journal of economics, commerce & business management [kijecbm/](http://www.kijecbm.com) oct-dec (2017)/vol-4/iss-4/a23 page no.183-190 , issn: 2348-4969 impact factor (2017) – 7.8902
51. Key Statistics and Financial Statements of RRB 2015-2024
52. Krishna Rao, K V, 2006, A study on the role of Godavari Grameena Bank in rural development in West Godavari district Andhra Pradesh, Andhra University, <http://hdl.handle.net/10603/377979>

53. K.Saranya, 2014, Retail Banking Services of the Regional Rural Banks in Tamilnadu An Empirical Study, Annamalai University, <http://hdl.handle.net/10603/78875>
54. Kumar Nayan, Credit Deposit Ratio of Commercial Banks in India: with special reference to Bihar, 2018 IJCRT ISSN: 2320-2882
55. K.Saranya, 2014, Retail Banking Services of the Regional Rural Banks in Tamilnadu An Empirical Study, Annamalai University, <http://hdl.handle.net/10603/78875>
56. Lall, M., Agarwal R. (2017), "A CAMEL model analysis for select public sector banks in India". EPRA International Journal of Economic and Business Review, Vol. 5(4), pp. 153-162.
57. Muslim, Mohd, Impact of regional rural banks on rural development _ a case study of Sitapur district, Aligarh Muslim University, 2002 <http://hdl.handle.net/10603/52964>
58. Maheswari, Nandlal, 1993, Regional rural banks and rural development in Madhya Pradesh with particular reference to the regional rural banks in tawa command area, Dr. Harisingh Gour Vishwavidyalaya, <http://hdl.handle.net/10603/34482>
59. Mukesh B.Tagariya and Pritesh C. Panchal (2016). A conceptual study on the role of Regional Rural Banks in India. International Journal for Innovative Research in Multi-disciplinary Field. 2(7), 77- 81.
60. Murari,Krishna, An Empirical Analysis Of The Performance Of Indian Banking Under Camel Model Approach Study on the performance of Regional Rural Bank a case of Pandyan Grama Bank in Tamil Nadu, 2011, Mody University of Science and Technology
61. Misra, R, & Rao, G. Rural banks under globalisation. (2006) New Delhi: Sonali Publication, Chanu, A.I., & Das. S. (2016). A Study on Efficiency of Select Regional Rural Banks in India. The Indian Journal of Commerce,
62. Mohindra, V. (2014), Performance Review of Regional Rural Banks in India Using Ratio Analysis, International Journal of Economics, Commerce and Management, United Kingdom, Vol. II, No. 6, <http://ijecm.co.uk/>
63. Nazreennisha, Mohammed, Talent management and employee performance in banking sector a study with reference to Andhra bank, 2020, Andhra University, <http://hdl.handle.net/10603/366668>

64. NABARD annual report 2012-24
65. Naba Kr. Goswami (2010) Structural Reorganisation of Rural Banking System in Assam.
66. "Problems of border areas in Northeast India" (PDF). Archived (PDF) from the original on 23 January 2022. Retrieved 30 April 2018. <https://fincomindia.nic.in/asset/doc/commission-reports/13th-FC/reports/report14.pdf>
67. Pati,A , Operational efficiency of RRBs in NE India (2002) A UGC PROJECT REPORT SUBMITTED TO Arunachal University, Itanagar, p 23
68. Patel, T., & Shah, N. (2016). A study on performance evaluation of RRBs of India. Pezzottaite J, 5(2), 128-134
69. Paul, Bikash (2017) Role of Assam Gramin Vikash Bank in promoting Financial Inclusion in Assam, EPRA International Journal of Economics and Business Review. ISSN : 23490187 (online).
70. Pardeep and Sakshi (2017). A Camel Model Analysis of Sarva Haryana Gramin Bank. International Journal of Advance Research and Innovative Ideas in Education. 3(4), 208-219
71. Pranitha, A.Rosi and Sneha, C. (2018). Performance of Regional Rural Banks in India: A Study on Andhra Pragathi Grameena Bank in Andhra Pradesh, International Journal of Engineering Technology Science and Research, Vol.5, Issue 3, pp.1463-1469.
72. R. Garg and A. Professor, "RRBs in India's Regional Rural Banking Scenario," IJFANS International Journal of Food and Nutritional Sciences, vol. 10, pp. –, 2021.
73. Rajendrachoohan, V, 2019, Study on the performance of Regional Rural Bank a case of Pandyan Grama Bank in Tamil Nadu, The Gandhigram Rural Institute, <http://hdl.handle.net/10603/315718>
74. Regional Rural Banks: Anachronistic or Aligned in the Current Schema, Gupta, Gaurav (2022), Azim Premji University, Bengaluru, Karnataka, ISBN 9788195524549
https://publications.azimpremjiuniversity.edu.in/id/eprint/4371*4

75. Reddy, D. M., & Prasad, K. V. N. (2011). Evaluating performance of regional rural banks: An application of CAMEL model. *Researchers World*, 2(4), 61.
76. Ravinder Meerwal (2017). Non-Performing Assets - A Study of Selected Rural Banks in India. *Kaav International Journal of Economics, Commerce & Business Management*. 4(2), 11-17.
77. Rabindranath Tagore^{1*}, R.K. Narayan², Arundhati Roy³ , 2023 The Impact of Digital Banking on Financial Inclusion in Emerging Markets, *Proceeding of The International Conference on Economics and Business*
<https://www.researchgate.net/deref/https%3A%2F%2Fdoi.org%2F10.55606%2Ficeb.v2i2.462? tp=eyJjb250ZXh0Ijp7ImZpcnN0UGFnZSI6InB1YmxpY2F0aW9uIiwicGFnZSI6InB1YmxpY2F0aW9uIn19>
78. Reva Vig, 2025, Evaluating the Microeconomic and Macroeconomic Impact of Basel III Norms on Indian Banking: A Comprehensive Review, *Journal of Information Systems Engineering and Management*, e-ISSN: 2468-4376, <https://www.jisem-journal.com/> mili
79. Rao, Hrushikeshawa, 1984, Regional Rural Banks A case study of sri Vishaka Grameena Bank, Department of Commerce & Management Studies, Andhra University, <http://hdl.handle.net/10603/398151>
80. Shukla, Trilok, A Case Study on Low Credit to Deposits Ratio (CD) Of Urban Cooperative Banks in West Bengal, *Quest Journals Journal of Research in Business and Management Volume 11 ~ Issue 3 (2023) pp: 19-33* ISSN(Online):2347-3002 Samir, Performance appraisal of selected public sector banks since liberalization in India, 2014, University of Delhi, <http://hdl.handle.net/10603/390600>
81. Sahadevudu, Balaga, 2020, Performance evaluation of Andhra Pradesh Grameena Vikas bank using camels model, Department of Commerce & Management Studies, <http://hdl.handle.net/10603/366667>
82. Sahadevudu, Balaga, 2020, Performance evaluation of Andhra Pradesh Grameena Vikas bank using camels model, Department of Commerce & Management Studies, <http://hdl.handle.net/10603/366667>
83. Subba Rayudu, Y, 2006, Regional rural banks and rural development a study of Rayalaseema Grameena Bank Cuddapah, Sri Venkateswara University, <http://hdl.handle.net/10603/71360>

84. Sreenivasulu, A, 2004, Regional rural banks and rural development a study with reference to Chittoor district, Sri Venkateswara University, <http://hdl.handle.net/10603/71405>
85. Sahadevudu, Balaga, Performance evaluation of Andhra Pradesh Grameena Vikas bank using camels model, 2020, Andhra University, <http://hdl.handle.net/10603/366667>
86. Sarma, Chayanika, commercial banking in Northeast India, Mani Manik Prakash page 3, 4 2020.
87. Surender V, Performance Evaluation of Regional Rural Banks in Andhra Pradesh, Osmania University, 2014, <http://hdl.handle.net/10603/203644>
88. Shankar, M and K.Srinivasa Rao (2017). A Review of Literature on Performance of Regional Rural Banks in India. Imperial Journal of Interdisciplinary Research. 3(4), 1121-1125.
89. Satish, P (2010). Repositioning RRBs as the Main Arm of the Agricultural Credit System in India. Paper presented at the 12th Conference on Money and Finance in the Indian Economy held on 11-12 March at Indira Gandhi Institute of Development Research, Mumbai.
90. Sheeran Sharif Khan and Abdul Aziz Ansari (2016). Trends of Nonperforming Assets in Regional Rural Bank in India. EPRA International Journal of Economic and Business Review. 4(7), 60-64
91. Sharma, C (2020) Commercial Banking in Northeast India, ISBN: 978-93-89500-09-7
92. Shibu Das and Ayekpam Ibemcha Chanu (2017). Measuring the Efficiency of Regional Rural Banks in India. International Journal of Business and Administration Research Review. 3(18), 57-66. Retrieved from <http://www.ijbarr.com/downloads/2907201711.pdf>.
93. Singh, Anoopkumar and Agarwal, Ravi. (2017). A Comparative Study on Standalone and Amalgamated Regional Rural Banks Using CAMELS Approach, International Journal of Research in Humanities, Arts and Literature, Vol.5, Issue 5, May, pp.61-72.
94. Satish Kumar, Dr., Goyal, Vibhor and Sharma, Poonam. (2018). Performance Evaluation of Regional Rural Banks in India, International Journal of

Management, IT and Engineering, https://papers.ssrn.com / sol3 / papers.cfm ? abstract_id=3095111, pp.202-230.

95. Syed Mahammed Ghouse and Narayana Reddy (2017). Indian Regional Rural Banks Growth and Performance. National Conference on Marketing and Sustainable Development, Hyderabad. October 13- 14. 601-610
96. Soni, A.K. and Kapre, A. (2013), A Study on Current Status of Regional Rural Banks in India, ABHINAV, Volume 2, www.abhinavjournal.com
97. Shankar, M. and Rao, Srinivasa, K. Dr., (2017); A Review of Literature on Performance of Regional Rural Banks in India, Imperial Journal of Interdisciplinary Research (IJIR), Vol.3, Issue 4, pp.1121-1125
98. Seena, P.C. and Nirmala Devi, R.Dr. (2018). Performance Analysis of Regional Rural Banks in India and Its Role in Agricultural Credit, Asia Pacific Journal of Research, Vol.I, Issue LXXXVI, March, pp.156-161.
99. Taral Patel and Nisarg Shah (2016). A Study on Performance Evaluation of RRBs of India. Pezzottaite Jounals. 5(2), 128-134.
100. Tomar, A.K. & Praskash, J. (1996) : Role of Regional Rural Banks in Economic Development, Mohit Publication, India.
101. Thakur, P., & Gupta, A. (2015). Regional Rural Banks: a way to become a developed economy. In Proceedings of the International Symposium on Emerging Trends in Social Science Research (pp. 1-13).
102. Venkatalakshmi, V and Chandraiah, M. Current Position of RRBs in India - A Review.BIMS International Journal of Social Science Research, vol. 1, no. 2, 2016, pp. 108-116.



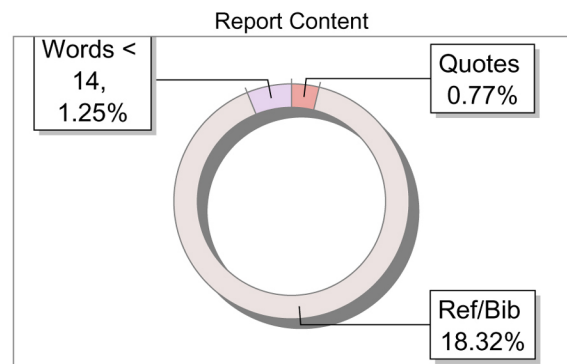
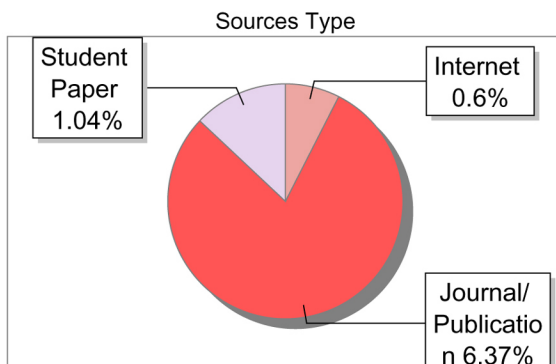
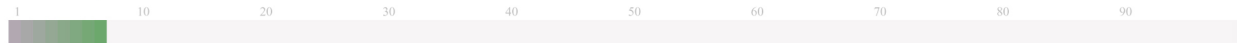
The Report is Generated by DrillBit Plagiarism Detection Software

Submission Information

Author Name	Upama Kalita
Title	Growth and Performance of Assam Gramin Vikash Bank: An Evaluative study
Paper/Submission ID	4679043
Submitted by	jasojit@nagalanduniversity.ac.in
Submission Date	2025-11-16 21:47:42
Total Pages, Total Words	196, 55557
Document type	Thesis

Result Information

Similarity **8 %**



Exclude Information

Quotes	Excluded
References/Bibliography	Excluded
Source: Excluded < 14 Words	Excluded
Excluded Source	0 %
Excluded Phrases	Not Excluded

Database Selection

Language	English
Student Papers	Yes
Journals & publishers	Yes
Internet or Web	Yes
Institution Repository	Yes

A Unique QR Code use to View/Download/Share Pdf File

