

## **Growth and Performance Of rural Banking in India: An Empirical Study**

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### **Abstract**

In India, the most substantial part of the population lives in the rural area (65.97% in 2018, according to World Bank Development Indicators). Banking services are far-off from the rural population. Hence financial inclusion has implemented by both the Government and Reserve Bank of India to bring the weak and deprived sections of the society within the community of the Indian banking system. This paper discusses only Role of Rural Banking & its growth, expansion and performance etc. The present study has been done covering ten years 2008-09 to 2017-18. This paper is mainly focused on several Regional Rural Banks (RRBs) and its branch expansion, deposits, advances and profitability of RRBs during the study period and to understand the growth and performance of RRBs. It appears in the study that demand for credit has increased in the rural areas for different purposes along with the increasing trend of branch expansion.

**Keywords:** Rural Banking, Regional Rural Banks (RRBs), Credit Deposit Ratio, Growth, Branch Expansion

### **1. INTRODUCTION**

The activities of the modern economy are significantly influenced by the functions and services of banks. The banking sector forms the central part of the economic system. The Indian economy is an agricultural economy, and real India resides in the villages. The economy of the village is the backbone of the Indian economy (Kher, 2013, p.31). Rural development plays a phenomenal role in the overall socio-economic development of a country like India, where most of the population are living in rural areas. The rural sector affects almost all economic activities across India and generates maximum employment for people. A considerable part of the revenue generated from the rural India. Rural funding was required to provide protection and support to the rural population, such as lenders, owners and traders, etc., but they exploit farmers and small business owners by charging high-interest rates and forcing them to sell their produces at low prices. The rural population also faces the threat of unpredictable agricultural production due to the heavy dependence of monsoons. They also suffer from a lack of water supply, fertilizers, seeds in addition to other facilities due to lack of finance.

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## 2. CONCEPTUAL BACKGROUND OF REGIONAL RURAL BANKS (RRBS)

### History

Regional Rural Banks were recognised under the provisions of an ordinance approved on September 26, 1975, then the 1976 RRB law to provide adequate banking and credit services for agriculture besides other rural sectors. The main objective of the establishment of Regional Rural Bank was the development of the rural economy with the growth of industry, agriculture, commerce, trade in addition to other productive activities in rural areas, credit as well as other facilities, in particular for small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. As a result, on October 2 1975, five regional rural banks were created on the recommendation of the Narshimham Committee working group to include rural areas in the economic mainstream since then, around 70% of the Indian population had rural orientation (Ibrahim, 2010).

Post establishment of RRBs, its development in the beginning stage was quite fast. For instance, the setting up of 17 RRBs covered 270 districts by the end of March 1985. Later, RRBs were going through a procedure of amalgamation besides consolidation. 25 RRBs were amalgamated in January 2013 into 10 RRBs which counts to 67 RRBs till June 2013 and 56 as on March 2015. On March 31 2016, there were 56 RRBs (post-merger) covering 525 districts with 14,494 numbers of branches, but within a concise period of time, most of the rural banks were making losses. This lead to amalgamation of Rural banks in future. The third phase of amalgamation of RRBs bringing down the number to 38 from 56, however, there are 43 RRBs in India as of April 1, 2020 (Wikipedia, Internet Source).

### Objectives for establishment of RRBs:

- Resolving of credit gap in rural territory
- Monitoring the flow of rural deposits to urban areas
- Minimizing the regional imbalances and extend rural employment

### Role of Regional Rural Banking for Rural Development

The role of rural banks in rural development is escalated. Banks are functional to the processes of saving, capital formation, investment, production in the rural economy.

RRBs perform various functions which can be discussed under the following headings:

- Facilitating banking conveniencetoward rural as well as semi-urban parts.
- Executionof government operations like payment of wages of “MGNREGA” workers, dispersal of pensions etc.
- Enabling Para-Banking facilities like debit as well as credit cards, locker facilities, internet banking, mobile banking and UPI etc.
- Small financial banks.

### Role of Regional Rural Banks in Economic Growth of India

The real progress of the Indian economy lies in the development of the rural masses as a result of unemployment, poverty besides other socio-economic backwardness. Taking this as a point of view, RRBs were established by the Indian government to expand the rural economy. Regional rural banks play a major role in India's financial as well as economic growth. Rural banks encourage rural entrepreneurship and provide an unequivocal response to the growing unemployment problem. Rural entrepreneurship can bridge the huge gap and disparities in pay for rural in addition to urban individuals. Rural banks encourage the promotion of savings among people and inhabitants of financially weaker villages, leading to the mobilization and sharing of savings between alternative uses and users. Rural people can use this money in different types of rural development such as trade development, agricultural development and industrial development. Rural development plays a crucial role

in capital formation, better savings rates, government loans and high employment rates which ultimately help the growth of our Indian economy.

### **Problems (weaknesses) of RRBs**

Even though RRBs had a fast progress of the branch network as well as increased in capacity of business, these institutions went through a large problematic evolutionary progression by reason of the various difficulties like limited area of operations; perception of public is that RRBs are poor people's banks, high risk by reason of exposure to the limited target group, problem of government subsidy structures as well as insufficient information of customers leading to low quality assets, shift over to narrow investment banking as a turn-over policy, shortage of skills in treasury management for profit alignment, unionized staff with low commitment to profit orientation then functional effectiveness, serious discouragement of the Board by forces to look up to sponsor banks, GOI, NABARD besides RBI for most decisions and insufficient exertion to attain anticipated levels of excellence in staff capability for managing the affairs as well as business as an independent entity.

### **3. REVIEW OF LITERATURE**

Reddy (2006) assessed the total productivity of technical factors and changes in scale efficiency in the RRB in the period 1996-2002 in his document "Productivity Growth in Regional Rural Banks". The study revealed that the efficiency of RRBs is greater in economically and socially developed regions during the study period. It also showed that rural banks have significant economies of scale in terms of the assets and number of branches in each bank. The growth in total productivity of rural bank is higher in terms of profitability than the provision of services during that period and has also indicated that the change in technical efficiency produces higher productivity growth in the RRB. While Khankhoje & Sathye (2008), studied the production efficiency of RRBs post-restructuring. The study period covers the years 1990-2002. The authors were using the DEA technique to measure efficiency, and their study reveals that there is a positive improvement in production efficiency in rural banks after the restructuring, comparing the average efficiency scores of the years before and after the restructuring. Similarly Ibrahim (2010), in his article, studied the impact of the amalgamation of Regional Rural Banks in India on the performance of the RRBs in the period 2001-2009. His study reveals that there was a significant improvement in RRB's performance after the amalgamation period. Capital funds have increased post amalgamation, and the credit deposit ratio has also increased over the years.

On the other hand Khan and Ansari (2015) analysed the financial performance of RRBs on the basis of some key performance indicators such as branch expansion, deposits, accumulated losses, investments and trends of profit over the period 2012-15. Their study found that overall there has been a remarkable development in spite of the decline in investment and losses incurred by 5 RRBs. Whereas Singh (2017) has examined the performance of Regional Rural Banks of India over the period 1975-2015 in his paper. The study result shows that the number of branches of RRBs has increased. The deposit mobilisation of per RRBs and average deposit per branch and per bank has also significantly increased from 1976 to 2015. The study finds that the overall performance of RRBs has considerably improved during the study period in India. Similarly Ghose & Reddy (2017) analysed the financial performance of RRBs in India during 2007-17. Their study disclosed that there is a notable variation in the growth of RRBs during the study. It has also found that RRBs have failed to maintain the flow of growth in deposits.

Correspondingly Pattanayak (2018) conducted a review on the evolution of rural finance to know its impact on poverty reduction of the rural population who have lower income. He concluded that poverty reduction could be possible by the successful execution of some programmes like financial inclusion, financial literacy, ease access to financial services, efficient rural financial system, etc. While Agarwal and Reddy (2019) carried out a study to analyse the performance of RRBs in India. It was found in the study that there was a substantial increase in both the number of branches and deposits and outstanding advances. Profit of RRBs has also increased during the study period. Similarly Tigari, Harish and Gaganadeepa (2019) conducted a study to analyse the credit structure of Pragathi Krishna Gramin Bank and its role in rural development. Their study found that the respective bank provided the loan to maximum people of rural area for several purposes like agriculture, self-employment, and entrepreneurial activities for small and tiny firms. The study concluded on points that RRBs and rural development have closely relied on each other, and growth and development of the rural economy largely depends on RRBs in our country. Whereas Das (2020) investigated the effectiveness and performance of RRBs in general and Tripura Gramin Bank, in particular, covering the period from 1998-99 to 2017-18 in his paper. The study concluded that the performance of Tripura Gramin Bank was good in respect of branch expansion, profitability, rural development, deposit mobilisation and credit disposal during the study period.

#### **4. OBJECTIVES OF THE STUDY**

- To examine the growth-pattern of Regional Rural Banks through branch expansion and deposit mobilisation during the study period.
- To analyse the profitability of RRBs.
- To analysis the impact of the number of branches of RRBs, total deposits of RRBs and total advances of RRBs on profitability of RRBs
- To make important suggestions to improve the working of RRBs.

#### **5. RESEARCH METHODOLOGY**

##### **Sources of Data**

Secondary data has been used for analysis in this study. The data were collected from various journals, research papers, articles, books, RBI reports and annual reports of NABARD. The study analyses the financial performance and growth of RRBs by using tables, diagrams, charts, ratios and regression analysis.

##### **Scope and Period of the Study**

- The study is based on the growth and performance of Regional rural Banks in India. Hence, the study covers all Regional Rural Banks in India to the fulfilment of objectives of the study.
- This study is done for a period of 10 years, covering 2008-09 to 2017-18.

#### **6. DATA ANALYSIS**

##### **Analysis of Growth & Expansion of Regional Rural Banks in India**

Number of RRBs and their branch expansion plays an exceptional role to amplify its growth and performance. Maximum availability of rural bank branches in different rural region is considered as the preferred channel for the bank to provide banking services to the rural customer. Hence it is urged to endeavour by the banks to spread out their branch network to make it possible for all the rural customers to avail the bank services. The information related to growth and coverage of Regional Rural Banks in India is presented in Table-1.

The expansion of Regional Rural Banks relating to branch expansion in different districts of States in India is shown in Table.1.

**Table –1:Branch Expansion of RRBs in India during 2008-18**

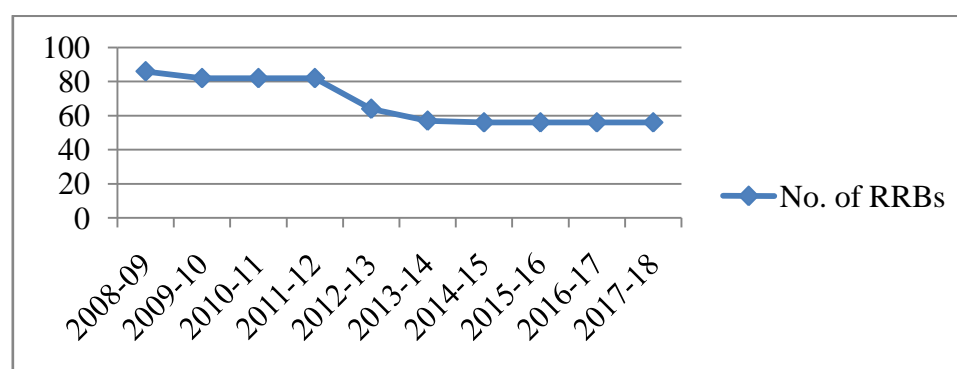
Sl. No.	Year	No. of RRBs in India	No. of Districts in India Served by RRBs	No. of Branches of RRBs in India	Growth Rate in No. of Branches (%)
1	2008-09	86	617	15181	-
2	2009-10	82	618	15480	1.97
3	2010-11	82	620	16001	3.37
4	2011-12	82	638	16909	5.67
5	2012-13	64	635	17861	5.63
6	2013-14	57	642	19082	6.84
7	2014-15	56	642	20024	4.94
8	2015-16	56	648	20920	4.47
9	2016-17	56	680	21422	2.40
10	2017-18	56	648	21747	1.52

**Source: Annual Reports of NABARD**

The above table reveals the number of RRBs which was decreased to 56 in 2015-16 from 86 in 2008-09. The process of amalgamation continued, now there are 56 RRBs as on March 31 2018.

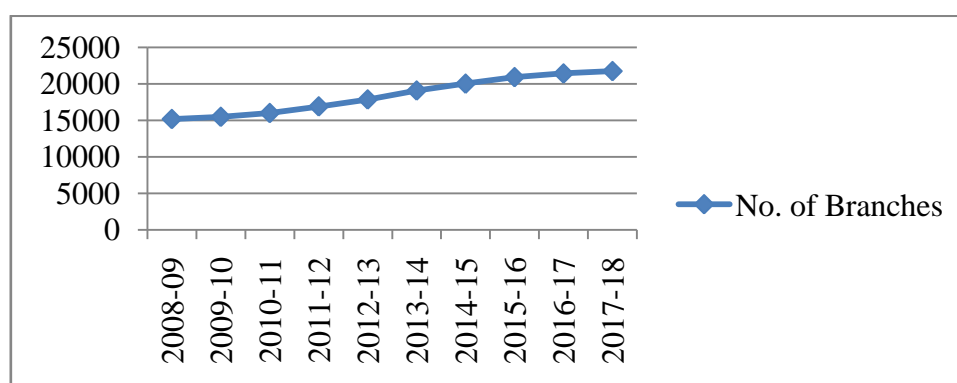
It is also evident from Table 1 that there is a growth in branch expansion of RRBs throughout the study period 2008-18 in spite of the reduction in the number of RRBs. The number of branches of RRBs all over India increased to 21747 in 2017-18 from 15181 in 2008-09, which is an increase of 1.43 times and 43.25% growth rate.

**Figure 1: No. of RRBs in India**



**Source- Table 1**

Figure 1 shows the numbers of Regional Rural Banks are reaching from 86 to 56. It is observed that the number of RRBs have a decreasing trend from 86 (2008) to 56 (2018), specifying a negative progress. This phenomenon shall be endorsed to the policy measures introduced by the Government of India on the way to the amalgamation of RRBs in sponsored banks at the state level so as to give operational freedom as well as to expand their financial competence besides performance.

**Figure 2: Branch Expansion of RRBs in India during 2008-18****Source- Table 1**

It is visible from the Figure 2 that the numbers of branches of Regional Rural Banks expanded over the period 2008-18 in increasing direction.

### Amalgamation of RRBs

NABARD supported with wide-ranging efforts to the Government of India for structuring the road map for Phase III of the amalgamation of RRBs originated in 2018–19, which objectives to decrease the number of RRBs in India to 40 (the count was at 53 as on March 31 2019).

Phase-I amalgamation of RRBs was introduced in 2005–06. By 2010, the number of RRBs in the country was reduced to 82. Amalgamation in Phase II began in 2011–12, besides the number of RRBs was over again brought down to 56 in the year 2014–15. The Government of India started amalgamation in Phase III in 2018–19 on the principle of 'One State–One RRB' in smaller states then a reduction in the number of RRBs in larger states targeting at an ultimate count of 40 RRBs in India. As on March 31 2019, the number of operating RRBs was 53. In the progression of amalgamation, it would be further came down to 45 during 2019–20 (Wikipedia, Internet Source).

As on March 2018, RRBs of the same sponsor banks within a State were amalgamated brought down their number from 86 to 56. All through the year 2013- 14, 13 RRBs have been amalgamated into six new RRBs in 5 States (Karnataka, Uttar Pradesh, Chhattisgarh, Kerala then Haryana). Herewith, the actual number of RRBs as on March 31, 2018, was 56 in performance significant part in emerging agriculture in addition to rural economy.

### Analysis of Deposits and Advances of Regional Rural Banks

The performance of Regional Rural Banks in India in terms of deposits and advances are given in Table-2.

**Table 2: Deposit and Advances of RRBs in India (Rs in Crore)**

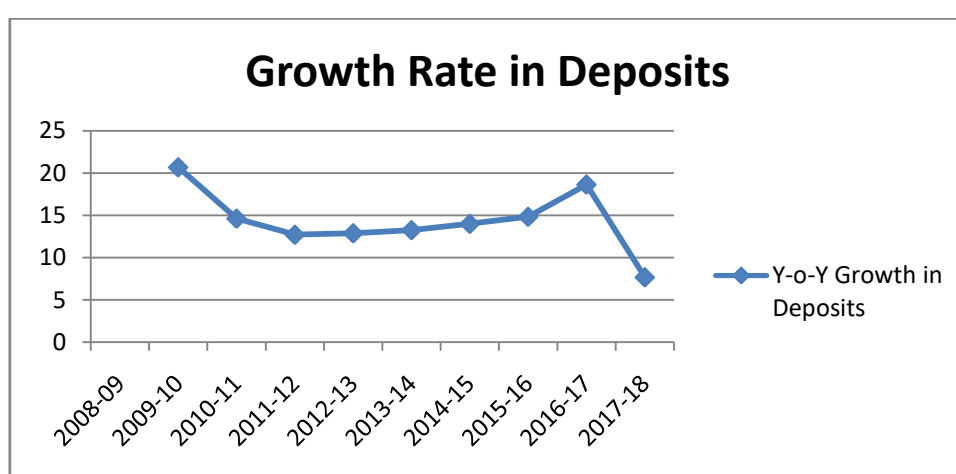
Sl. No.	Year	Total Deposits of RRBs	Y-o-Y Growth in Deposits (%)	Total Advances of RRBs	Y-o-Y Growth in Advances (%)
1	2008-09	120190	--	67802	--
2	2009-10	145035	20.67	82819	22.15
3	2010-11	166232	14.62	98917	19.44
4	2011-12	187351	12.70	120551	21.87
5	2012-13	211488	12.88	137078	13.71

6	2013-14	239504	13.25	159660	16.47
7	2014-15	273018	13.99	180955	13.34
8	2015-16	313499	14.83	206538	14.14
9	2016-17	371910	18.63	226175	9.51
10	2017-18	400459	7.68	253978	12.29

**Source: Annual Reports of NABARD**

The above table shows the trend of growth in deposits as well as advances during the study period 2008-18, where deposits raised to Rs.400459crore in 2017-18 from Rs.120190crore in 2008-09, around 3.33 times more than 2008-09. Advances are raised to Rs.253978 crore in 2017-18 from Rs.67802crore in 2008-09. It is 3.75 times more than 2008-09.

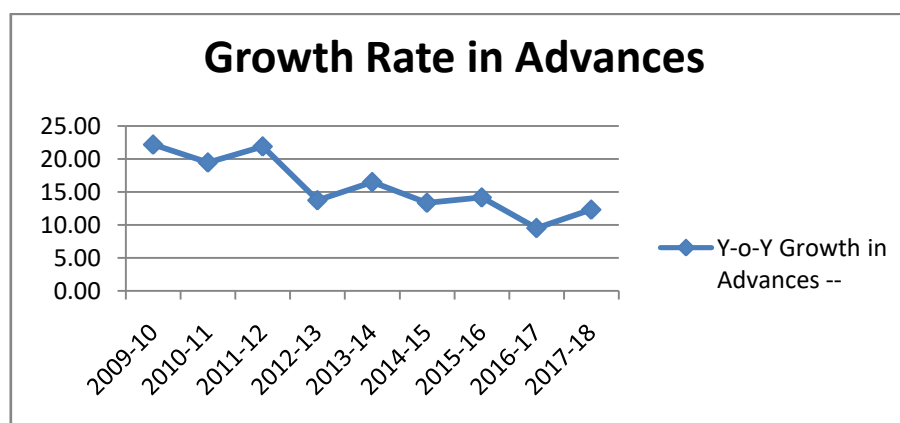
**Figure 3: Y-o-Y Growth in Deposits of RRBs during 2008-18**



**Source- Table 2**

Figure 3 showing the Y-o-Y growth in deposits from 2008-09 to 2017-18. During 2009-10, there is an increase of 20.67% in deposit as compared to 2008-09. The growth of deposits, which was contracting from 2010-11 to 2012-13, but it has picked up again in 2013-14 to 13.25% from 12.88% (2012-13) and continued to 18.63% in 2016-17. It was sharply declined to 7.68% in 2017-18.

**Figure 4: Y-o-Y Growth in Advances of RRBs during 2008-18**



**Source- Table 2**

Figure 4 exhibits the Y-o-Y growth in advances of RRBs from 2008-09 to 2017-18. The rate of growth in advances has fluctuated throughout the study period. The growth of advances in 2009-10 was 22.15%, but it has consistently gone up and down in every alternate year, and lastly, it reached to 12.29% in 2017-18.

### Analysis of Credit-Deposit (C/D) Ratio

The important criteria for measuring the performance of RRBs are Credit-Deposit Ratio (C/D Ratio). The Credit-deposit ratio is the ratio of how much a bank lends out of the deposits it has mobilized.

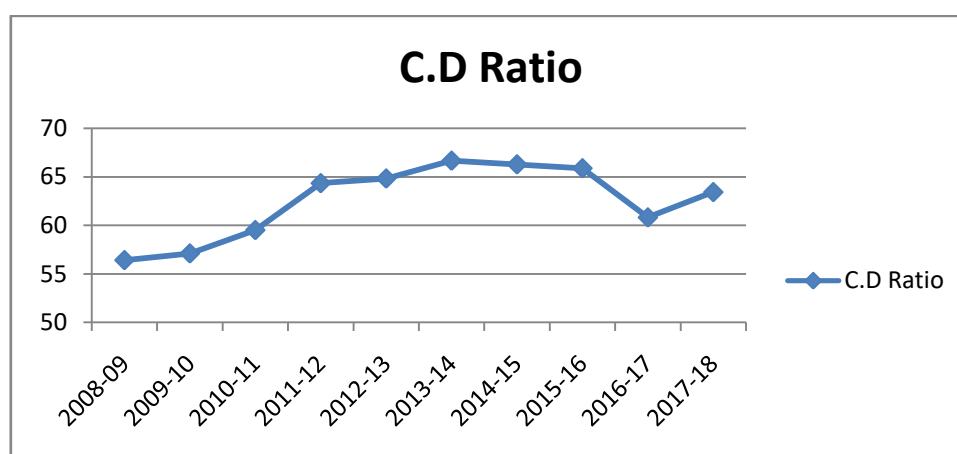
**Table 3: Credit-Deposit (C/D) Ratio**

Sl. No.	Year	C.D Ratio (%)
1	2008-09	56.41
2	2009-10	57.10
3	2010-11	59.51
4	2011-12	64.34
5	2012-13	64.82
6	2013-14	66.66
7	2014-15	66.28
8	2015-16	65.88
9	2016-17	60.81
10	2017-18	63.42

**Source: Annual Reports of NABARD**

Table 3 indicated that the C/D ratio, which is flexible throughout the study period. The Credit-Deposit ratio of RRBs in 2008-09 is 56.41%. There is an increasing trend in the C/D ratio till 2014-15, but afterwards it shows a declining trend in 2015-16 and 2016-17. But again, C/D Ratio of RRBs in 2017-18 is increased to 63.42%. It is observed that more than 55% of deposits lend to rural customers for various developmental activities like agriculture, small entrepreneurship and other self-employment activities carried out by them.

**Figure 5: Credit-Deposit Ratio**



**Source- Table 2**

In Figure 5 the C.D Ratio is 56.41% in 2008-09 increased to 63.42% during 2017-18, there is an increase of 7.01% but in a flexible manner.



**Analysis of Profitability Position of RRBs in India****Table-4: Profitability Position of RRBs (Amount Rs in Crore)**

Year	Total No. of RRBs	No. of Profit Making RRBs	Total Amount of Profit	No. of Loss Making RRBs	Total Amount of Loss	Net Profit
2008-09	86	80	1823.55	6	35.91	1787.64
2009-10	82	79	2514.83	3	5.65	2509.18
2010-11	82	75	2420.75	7	71.32	2349.43
2011-12	82	79	1886.15	3	28.87	1857.28
2012-13	64	63	2275	1	2.00	2273
2013-14	57	57	2833	0	0	2833
2014-15	56	51	2921	5	176	2745
2015-16	56	51	2206	5	188	2018
2016-17	56	49	2604	7	386	2218
2017-18	56	45	2506	11	1005	1501

**Source: The annual Reports of NABARD from 2008-2017**

Table 4 indicated the profit of RRBs during 2009-10 is Rs.2509.18crore, which was a 40% increase as compared to the year 2008-09. Net profit of RRBs is showing a fluctuation over the period 2008-18. In 2017-18 Net profit is decreased to Rs.1501crore in 2017-18 from Rs.1787.64crore in 2008-09. It is clearly specified from the above table that more than 90% of RRBs are operating on a profitable line over the study period. It is depicted from the table that there is a decrease in the number of RRBs during the study period by reason of the course of amalgamation improve in the amount of profit of RRBs in 2013-14, nonetheless it is witnessed that there is a decreasing trend in profit during the financial year 2015-16. Almost in every year, few numbers of RRBs out of total RRBs operating in India suffered a loss, but in 2013-14, all the RRBs were making profits.

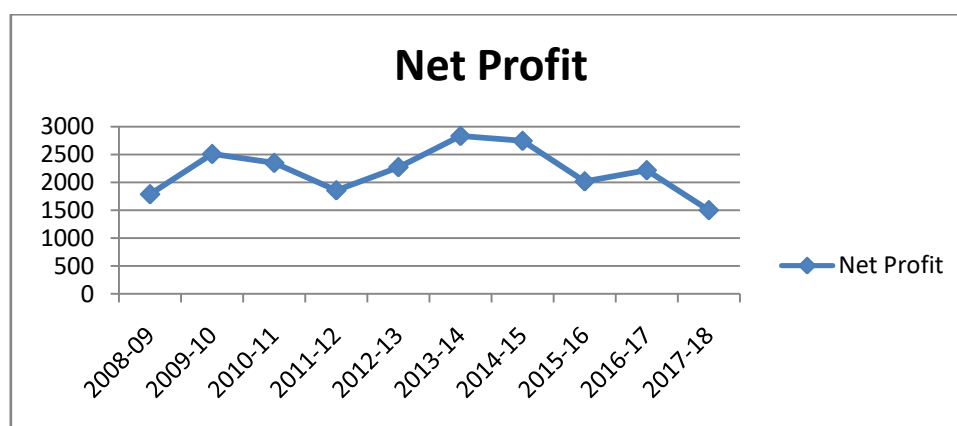
**Figure 6: Net Profit of RRBs during 2008-09 to 2017-18****Source- Table 3**

Figure 6 showing the changes in Net profit for the ten years starting from 2008-09 to 2017-18. The above figure is depicted as a yo-yo trend of net profit throughout the study period. It is observed that in 2013-14, there is a maximum net profit of Rs. 2833crore without any loss.

### Analysis of Regression Results for Net Profit of RRBs as dependent variable with the Number of Branches of RRBs, Total Deposits of RRBs and Total Advances of RRBs as independent variables Predictors

**Table 5: Regression Results for Net Profit of RRBs as dependent variable with the Number of Branches of RRBs, Total Deposits of RRBs and Total Advances of RRBs as independent variables Predictors**

Model Summary			
Multiple R	R Square	Adjusted R Square	Standard Error
0.8581	0.7363	0.5781	274.8487
Goodness of Fit – ANOVA			
SS	MS	F	Significance F
1054549.7734	351516.5911	4.6533	0.0655
Regression Coefficients			
Particulars	Coefficients	t Stat	P-value
Intercept	-8809.1446	-2.3099	0.0689
Number of Branches of RRBs in India	0.9332	3.0602	0.0281
Total Deposits of RRBsin India	0.0084	0.7863	0.4673
Total Advances of RRBsin India	-0.0531	-2.1098	0.0886

Table-5 replicates the regression analysis amongst net profit of RRBs as dependent variable with the number of branches of RRBs, total deposits of RRBs and total advances of RRBs as independent variables. It can find from table-3 that F-statistics value of 4.6533 ( $P < 0.10$ ) show that the independent variables are jointly statistically significant at 10% level. The regression result specifies that the coefficients of number of branches of RRBs and total deposits of RRBs have recorded positive coefficients whereas total advances of RRBs have recorded negative coefficients. The regression model reveals that number of branches of RRBs and total advances of RRBs are statistically significant association among net profit of RRBs ( $\text{Sig.} < 0.10$ ) whereas total deposits of RRBs is statistically insignificant association among net profit of RRBs ( $\text{Sig.} > 0.10$ ).

## 7. MAJOR FINDINGS

### Growth and Branch Expansion

The total no. of RRBs as on March 31 2009 rose to 86. The process of amalgamation continued, and there are 56 RRBs as on March 31 2018. It is observed that the number of RRBs constantly declining from 86 (2008) to 56 (2018) indicating the negative growth. The branches of RRBs expanded to 21747 in 2017-18 from 15181 in 2008-09, which shows an increasing trend growth branches, i.e. of 1.43 times and 43.25% growth rate from 2008-09.

### Deposits

It is clear from Table 2 that there is a rising trend in the amount of deposits of RRBs, i.e. from Rs.120190Crore to Rs.400459Crore from 2008-09 to 2017-18, around 3.33 times more

than 2008-09 during the year. But the growth of deposits is gradually increasing from 2013-14 but again sharply declined in 2017-18 to 7.68% from 18.63% (2016-17).

### **Advances**

The amount of advances also showing a rising trend like deposits, which is surged to Rs.253978 in 2017-18 from Rs.67802 in 2008-09. It is 3.75 times more than 2008-09. But the Y-o-Y growth in advances is consistently rise and fall over the study period.

### **Credit Deposit Ratio**

Figure 3 showing a flexible trend of Credit Deposit Ratio of RRBs over the years. It is increased till 2013-14 to 66.66% from 56.41% as on March 31 2009 but then continuously declining to 60.81% as on March 31 2017. Again it's raised to 63.42% as on March 31 2018 shows increasing trend as compared to 2016-17.

### **Profitability**

Out of 56 RRBs, 45 RRBs have earned profit of Rs.2506Crore during the year 2017-2018. After the loss of Rs.1005Crore, the net profit aggregated to Rs.1501Crore. Maximum number of RRBs earning profit and very few RRBs are suffered loss over the period of 2008-18, but in the year 2013-14, all the RRBs have earned profit amounts to Rs. 2833crore.

## **8. SUGGESTIONS FOR IMROVEMENT OF RRBs**

At present 56 RRBs have been playing a significant part in rural areas by providing banking services to a maximum number of villages covering every district of India. It is required to strengthen the position of RRBs in India for developing the rural economy. The following are some suggestions for policymakers of the banking sector for further decision-making process.

- Recapitalization of RRBs by additions of capital fund.
- Improvement in productivity and profitability of RRBs by adoption of IT in banking activities and regulatory the costs in addition to enhancing the income.
- Policies should be implemented and initiated by government for branch expansion in weaker then remote areas of India to enable rural people with banking services.
- RRBs need to redeploy people and re-skill them according to the need. RRB employees should match the requirement of modern banking (recommendations of SK Mitra committee on HR policy for RRBs).
- Low interest credit should be provided to small borrowers like farmers, artisans, small entrepreneurs etc.
- Maximum part of the deposits should be mobilised by the rural banks among rural population to make them employed and economically strong and developed.
- Government should encourage the formation of self-help group in rural areas by direct engagement of RRBs.
- Government should initiate proper action counter to the defaulters in addition to shouldn't make any announcements which leads to increase in NPA level in rural banks.
- A uniform interest rate outline should be applicable for the rural financial agencies.
- The RRBs must reinforce proper credit administration as per credit appraisal and also observe the growth of loans besides their well-organized recovery system. (Kanika & Nancy, 2013)
- The RRBs may relax the procedure for lending as well as make it easier for village borrowers.
- RRBs should develop good customer relation with rural customers in addition to should create confidence among them to avail the banking services.
- Lastly, RRBs required focusing on increase in profits to survive in competitive environment along with other activities.

## 9. CONCLUSION

To conclude, the continuous growth of the number of RRBs and its branch all over India has assisted in dropping the regional imbalance with respect to banking assistance in India, especially in rural areas. Establishment of RRBs in terms of deposit mobilization, branch expansion, credit development besides rural deployment in weaker and poor parts of rural areas attempt of providing banking to doorsteps of rural households are appreciable. It is distinctly noticeable from the above analysis that RRBs are achieving its objective successfully by providing banking services to rural areas in India where banks were not reachable. The increasing trend of deposits and advances of RRBs depicted that rural banks enable the rural people self-employed by providing easy availability then cheaper credit to the rural poor who are dependent on private lenders, to inspire rural savings for creative activities, to create employment (Das, Sujit 2020). Thus RRB is providing the strongest banking network by expanding their branch throughout in rural areas of India. Government should make some effective policies and initiate some programmes to make Rural Banks profitable and feasible. In spite of some revelations about the performance of RRBs the study has some limitations such as only growth and performance of RRBs is analysed by taking some of the KPIs, i.e. number of RRBs, branch expansion, deposit mobilisation, credit-deposit ratio and net profit. Other financial parameters are ignored in this study for analysis. The study doesn't cover all the issues and challenges of RRBs, and only a few issues are analysed here. The regression model reveals that number of branches of RRBs and total advances of RRBs are statistically significant association among net profit of RRBs (Sig. < 0.10) whereas total deposits of RRBs is statistically insignificant association among net profit of RRBs (Sig. > 0.10).

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