



Meeting to Review Regional Rural Banks (RRBs) Performance

Why in News?

Recently, the **Union Minister for Finance** reviewed the performance of eight **Regional Rural Banks (RRBs)** from the Eastern Region, covering **Bihar, Jharkhand, Odisha, and West Bengal**, during a meeting held in Patna.

Key Points

- **Focus Areas of the Meeting:**
 - Business performance, digital technology upgrades, and fostering growth in agriculture and micro-industry-related activities were the primary focus.
 - The Union Finance Minister emphasized increasing credit disbursement under flagship schemes like **MUDRA** and **PM Vishwakarma** with sponsor banks' support.
- **Directives for Agriculture and Allied Activities:**
 - RRBs were directed to boost ground-level agricultural credit, especially for allied activities such as dairy, animal husbandry, and fisheries.
 - **Uttar Bihar Gramin Bank** was tasked to enhance credit for fisheries and **foxnut (makhana)** to realize their regional potential.
- **Emphasis on Technology Upgradation:**
 - The Union Finance Minister stressed accelerating technology enhancements to improve RRB efficiency and service delivery.
 - Financial parameters showed improvement, with **Capital Adequacy Ratio** rising from 7.8% (FY 2022) to 9.4% (FY 2024) and **Gross Non-Performing Assets (GNPA)** decreasing from 25% to 15% during the same period.
 - RRBs in the Eastern Region recorded a profit of Rs 625 crore in FY 2024 compared to a net loss of Rs 690 crore in FY 2023.
- **Financial Inclusion Initiatives:**
 - The Union Finance Minister emphasized saturating beneficiaries under Financial Inclusion schemes like **Pradhan Mantri Jan Dhan Yojana (PMJDY)**, **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**, **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**, and **Atal Pension Yojana (APY)**.
 - Sponsor banks were urged to work with RRBs to ensure the success of these initiatives.
- **Digital Services and Deadlines:**
 - RRBs were directed to offer **Internet Banking**, **Mobile Banking**, and **Unified Payments Interface (UPI)** services to all customers by December 2024.
 - Sponsor banks were tasked with promoting these services to increase customer adoption.
- **Promoting Self-Employment and SHGs:**
 - The **One District One Product (ODOP) program** was highlighted as a tool to boost self-employment in the region.
 - State governments were urged to collaborate with **National Bank for Agriculture and Rural Development (NABARD)** and **SIDBI** to provide support for women SHGs, including training and marketing assistance.

Regional Rural Banks (RRBs)

- RRBs were **established in 1975** under the provisions of the Ordinance promulgated on 26th September 1975 and **Regional Rural Banks Act, 1976**.
- These are **financial institutions** which ensure adequate credit for agriculture and other rural sectors.
- They **combine the characteristics of a cooperative in terms of the familiarity of the rural problems** and a commercial bank in terms of its professionalism and ability to mobilise financial resources.
- After the reforms in the 1990s, the government in 2005-06 **initiated a consolidation** program that resulted in the number of RRBs declining from 196 in 2005 to 43 in FY21.

Pradhan Mantri Mudra Yojana (PMMY)

- PMMY was **launched by the Government of India in 2015**.
- The PMMY **provides collateral-free institutional loans up to Rs. 10 lakhs for small business enterprises**.
- It is provided by **Member Lending Institutions (MLIs) i.e. Scheduled Commercial Banks (SCBs)**, Regional Rural Banks (RRBs), Non-Banking Financial Companies (NBFCs) and **Micro Finance Institutions (MFIs)**.
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