

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**STARRED QUESTION NO. \*98**

ANSWERED ON TUESDAY, DECEMBER 9, 2025/ 18 AGRAHAYANA, 1947 (SAKA)

**PERFORMANCE OF REGIONAL RURAL BANKS**

\*98 SHRI PRAMOD TIWARI:

Will the Minister of FINANCE be pleased to state:

- (a) the recorded consolidated net profit of regional rural banks (RRBs) during the last three financial years;
- (b) whether RRBs are losing ground to private banks amid tech challenges;
- (c) if so, the efforts being made by sponsoring banks to facilitate technology upgradation in RRBs and address HR related issues for their long-term sustainability; and
- (d) the steps being taken by the RRBs to leverage its lending in agriculture and allied activities, MSME and Government sponsored schemes?

**ANSWER**

THE FINANCE MINISTER  
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

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**STATEMENT REFERRED IN REPLY TO PARTS (a) TO (d) OF RAJYA SABHA STARRED QUESTION NO. \*98 ANSWERED ON 09.12.2025 REGARDING ‘PERFORMANCE OF REGIONAL RURAL BANKs’ ASKED BY SHRI PRAMOD TIWARI:**

(a): Consolidated net profit of Regional Rural Banks (RRBs) during the last three financial years is given below:

	FY 2022-23	FY 2023-24	FY 2024-25
Profit (in Rs Crores)	4,974	7,571	6,825

Source: RRBs

(b) and (c): The performance of Regional Rural Banks (RRBs) in FY 2024–25 reflects a satisfactory growth, particularly in key business indicators such as loan growth and overall business expansion. This indicates that RRBs continue to maintain a competitive presence in the banking sector.

Banks	Growth in Loans F.Y 24-25 (%)	Growth in Deposits F.Y 24-25 (%)	Growth in Business F.Y 24-25 (%)
RRBs	11.0	8.2	9.4
Private Banks	9.5	12.0	10.8

Further, the total branches of RRBs increased from 22,069 in FY 2023-24 to 22,158 in FY 2024-25. This also reflects a strong demand for their presence in rural and semi urban areas. To address technological challenges, Government has initiated a comprehensive digital transformation strategy for RRBs i.e, bank-centric digital services and customer-centric digital services, enabling RRBs to deliver modern banking services and remain competitive in the evolving financial eco system.

Moreover, sponsor banks have formed a dedicated IT team for their respective RRBs. The core function of this team is to monitor and resolve the issues related to technology upgradation. In addition to this, sponsor banks have launched a series of strategic initiatives aimed at enhancing both infrastructure and human capital. Major technology upgradation includes:

- Core Banking Solutions (CBS)
- Mobile and Internet Banking
- Digital Payment Integration
- Loan Origination Systems (LOS)

Steps taken by RRBs to strengthen Human Resource Development include:

- Capacity building: Training programs for staff to upskill them in digital banking, customer service and financial literacy
- Deputation of Officials at RRBs: Sponsor banks depute their experienced officers to RRBs to provide managerial, technical and operational support

(d): Regional Rural Banks (RRBs) have been actively reforming and expanding their operations to enhance lending in agriculture and allied activities, Micro, Small and Medium Enterprises (MSMEs), and government-sponsored schemes. These efforts are part of a broader strategy to boost rural development and financial inclusion.

Agriculture and MSMEs fall under the ambit of Priority Sector Lending (PSL), for which RRBs are mandated to allocate 75% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBSE). Within this overall PSL obligation, 18% is earmarked for the agriculture sector and 7.5% for micro enterprises. RRBs have consistently met, and often exceeded, their PSL targets and sub-targets over the years.

PSL target and achievement by RRBs in last three financial years is as under:

<b>Sector/Sub Sector</b>	<b>Target (%)</b>	<b>FY 2022-23 Achievement (%)</b>	<b>FY 2023-24 Achievement (%)</b>	<b>FY 2024-25 Achievement (%)</b>
Agriculture	18.0	41.7	34.2	31.9
Micro Enterprises	7.5	14.0	15.0	22.6

RRBs have taken following steps to enhance their lending in agriculture and allied activities, MSME and Government Sponsored Schemes:

- Integration with the JanSamarth Portal to provide digital access to multiple government schemes with real-time eligibility checks and online loan applications.
- RRBs have been covered under credit guarantee schemes, which enables them to diversify their loan portfolio and cover large section of the borrowers.
- Strengthening of the Business Correspondent (BC) channel to extend reliable banking services to remote and underserved regions.

- Conducting financial literacy and outreach programs to enhance awareness of government schemes, digital banking, and credit opportunities.
- Diversification of MSME loan products tailored to local economic activities, with simplified documentation and flexible repayment terms.
- Adoption of a cluster-based MSME lending approach, with RRBs mapped to identified clusters and expanding their branch presence to improve credit flow and accessibility.

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