A COMPARATIVE FINANCIAL PERFORMANCE ANALYSIS OF SAURASHTRA GRAMIN BANK AND BARODA GUJARAT GRAMIN BANK

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***Abstract*—Regional Rural Banks are crucial to Gujarat's rural and agricultural development. In Gujarat's rural areas, the RRBs' network has a greater reach. The success of rural financing in Gujarat is largely dependent on their degree of financial stability. Regional rural banks are an essential source of finance for rural areas and are in charge of providing the necessary loans for various types of agricultural credit in rural areas. These days, most regional rural banks deal with a variety of problems, such as non-performing assets, past due loans, and loan recovery. Gujarat has two RRBs but now a day this two banks merge and made a Gujrat Gramin Bank. This study evaluates the performance of RRBs in the Gujarat, focusing on key financial parameters such as asset quality, credit growth, financial efficiency and profitability. This paper attempts to evaluate the performance of selected RRBs in Gujarat as on 2022-23 to 2024-25. The analysis is based on secondary data that was gathered from public statistics, the RBI, and the annual reports of a few chosen Regional Rural Banks.**

The study employed an analytical research design focused on Key Performance Indicators (KPI) analysis to evaluate variables such as district and branch coverage, investment levels, loan disbursement and recovery, deposit mobilization, and overall productivity. According to the report, the comparative analysis reveals that: Baroda Gujarat Gramin Bank (BGGB) dominates in size, geographical coverage, and deposit base, whereas, Saurashtra Gramin Bank (SGB) demonstrates superior efficiency, recovery performance, lower NPAs, and higher productivity.

***Index Terms*—Baroda Gujarat Gramin Bank (BGGB), Saurashtra Gramin Bank (SGB), Financial Performance**

I. Introduction

Regional Rural Banks (RRBs) play a pivotal role in the development of agriculture and rural areas in Gujarat. The primary objective of RRBs is to promote agriculture, small-scale industries, commerce, trade and other productive economic activities in rural regions. They function as professionally managed institutions providing an alternative and accessible channel of institutional credit to agricultural laborers', small and marginal farmers, artisans, and other socio-economically weaker sections of society. To strengthen the rural economy, RRBs are specifically designed to mobilise financial resources from rural areas and deploy them locally for productive purposes.

Regional Rural Banks were established in 1975 under the provisions of the Ordinance promulgated on September 26, 1975, and subsequently governed by the Regional Rural Banks Act, 1976. The fundamental objective behind the establishment of RRBs is to ensure the availability of adequate institutional credit to agriculture and other rural sectors. The operational jurisdiction of each RRB is limited to specific districts within one or more states as notified by the Government of India (GoI). Ownership of RRBs is shared among the Central Government, the concerned State Government, and the sponsoring bank in the ratio of 50 per cent, 15 per cent, and 35 per cent respectively.

Based on the recommendations of the Vyas Committee (2004), the Government of India initiated a consolidation process aimed at improving the operational efficiency and financial viability of RRBs. This process involved the amalgamation of RRBs sponsored by the same bank within a state. As a result, by January 2013, 25 RRBs were merged into 10 banks, reducing the total number of RRBs to 67. The consolidation process continued over time, and by March 2016, the number of RRBs declined to 56, operating through a network of 14,494 branches across 525 districts in India. Further amalgamations reduced the number of RRBs to 43 by April 2020.

More recently, the Government of India has introduced the ‘One State–One RRB’ policy, aimed at further rationalising costs, enhancing operational efficiency, and streamlining governance. Under this policy, the Ministry of Finance plans to merge the existing 43 RRBs into 28 RRBs by May 1, 2025.

II. REVIEW OF LITERATURE

1. Ahmed Mukut Choudhury (March 2014) examined rural banking in Assam with the objective of presenting a comparative assessment of the status and extent of rural banking infrastructure, particularly in the post-reform period. The study analysed the expansion of banking facilities in Assam since the initiation of banking sector reforms in 1991. The findings revealed that the growth of bank branches was predominantly concentrated in urban and semi-urban regions, while rural regions continued to face a shortage of banking infrastructure. Over a period of nearly two decades following the 1991 reforms, the total number of bank branches in Assam increased by 21.26 per cent (259 branches). However, this overall growth was accompanied by a decline of 10.82 per cent (96 branches) in rural branches, alongside a substantial increase of 69.30 per cent in semi-urban branches and an even sharper rise of 177.58 per cent in urban branches of scheduled commercial banks (SCBs). The study highlighted the growing imbalance in the spatial distribution of banking services, adversely affecting rural financial inclusion in Assam.
2. Megha Shetty and Sudhindra Bhat (September 2022) conducted a comparative study on selected Regional Rural Banks in South India with the objective of evaluating their overall performance during the period 2020–2021. The study was based on secondary data collected from key statistical reports and published financial statements covering the years 2019–20 and 2020–21. To assess the financial soundness and operational efficiency of the selected ten RRBs, the CAMEL model was employed, and banks were ranked on a scale ranging from 1 to 10 for both years under study. The findings revealed noticeable year-to-year variations in the performance of the RRBs. The study further indicated that higher levels of non-performing assets (NPAs) significantly affected the rankings of certain banks, even in cases where leverage positions were strong. The authors

concluded that performance disparities among RRBs were influenced by location-specific factors and operational constraints.

3. Madhusoodan Tripathi (September 2024) carried out a comparative study of Prathama U.P. Gramin Bank and Aryavart Bank to assess their performance. The study utilised secondary data for the period 2020–2023. The results indicated that Aryavart Bank performed better in terms of district coverage, deposits, and advances, whereas Prathama U.P. Gramin Bank had a larger branch network within Uttar Pradesh and reported higher levels of non-performing assets (NPAs) as well as higher net profits compared to Aryavart Bank. The study recommended that both banks expand their operations across all districts of Uttar Pradesh, focus on economically viable segments of rural areas, and design lending policies aligned with borrowers' repayment capacity and creditworthiness.
4. Purvi Derashri, Anil Mewara, and Nikhil Adiyal (March 2025) conducted a research study titled "A Comparative Financial Performance Analysis of Regional Rural Banks of the Western Zone." The study aimed to evaluate the key financial performance parameters of Regional Rural Banks operating in the western zone of India. The researchers relied on secondary data to analyse financial trends, operational challenges, and the impact of government policies on selected RRBs. The findings revealed that although RRBs play a significant role in providing rural financial services, they continue to face several challenges, including rising levels of non-performing assets (NPAs), low technological awareness among rural customers, and limited adoption of banking technology. The study suggested that enhancing operational efficiency, technological integration, and sustainability measures is essential for strengthening the performance of RRBs in the region.
5. Abhay Kumar Kapre and Anil Kumar Soni (March 2013) carried out a comparative analysis of the Regional Rural Banks (RRBs) functioning in Chhattisgarh, with special emphasis on their financial performance as of 31 March 2011. The study relied on secondary data sources for analysis. The results indicated that Chhattisgarh Gramin Bank (CGB) was the largest RRB in the state in terms of district presence and branch network compared to other RRBs. However, despite its wider outreach, CGB's productivity was lower than that of Durg Rajnandgaon Gramin Bank (DRGB) and Sarguja Kshetriya Gramin Bank (SKGB). The study highlighted that a wider branch network does not necessarily translate into higher operational efficiency or productivity.

III. RESEARCH GAP

The rural areas are influenced by the regional rural banks. Researchers attempted to measure factors such the number of investments, borrowings, loans, recovery, branches and districts covered, deposits, and productivity using an analytical study methodology called Key Performance Indicators Analysis.

IV. OBJECTIVE OF STUDY

Following are the main objectives of the study.

- To comparative study of selected Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank of Regional Rural Banks in Gujarat.
- To analyze the key performance indicators of selected Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank Regional Rural Banks in Gujarat.
- To measure financial performance of selected Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank Regional Rural Banks in Gujarat.
- To present necessary conclusion and suggestions helpful to improving function of selected Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank RRBs.

V. HYPOTHESIS OF STUDY

The selected Regional Rural Banks (RRBs), namely Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank, play a significant role in the state of Gujarat, particularly in the areas of agricultural financing and rural development. In this context, several important hypotheses concerning the performance of these selected RRBs have been formulated as follows:

- The selected RRBs, namely Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank, have achieved significant quantitative progress in Gujarat.
- The qualitative performance of the selected RRBs has been highly satisfactory and impressive.
- The macro-level performance of the selected RRBs is substantial and noteworthy.

VI. SIGNIFICANCE OF STUDY

The present study is significant as it evaluates the financial performance of the selected Regional Rural Banks (RRBs), namely Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank, operating in Gujarat. The findings of the study are expected to provide valuable insights into the financial position and operational efficiency of these banks. The results may also be beneficial to policymakers, bank management, researchers, and planners in formulating strategies to enhance the performance and effectiveness of Regional Rural Banks.

VII. SCOPE AND LIMITATIONS OF STUDY

The scope of the study is confined to the financial performance analysis of the selected Regional Rural Banks, namely Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank. The analysis is based on secondary data for the financial years 2022–23 to 2024–25. The study focuses only on selected financial indicators and does not cover other aspects such as customer satisfaction, service quality, or operational practices. Therefore, the findings may not be generalized to all Regional Rural Banks in Gujarat or other states.

VIII. AREA OF STUDY

The study focuses on the performance of the selected Regional Rural Banks, namely Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank, operating in Gujarat. Hence, the research is confined only to these selected RRBs for achieving the objectives of the study.

IX. PERIOD OF STUDY

The geographical area of the study is limited to the State of Gujarat. The research focuses exclusively on the financial performance of the selected Regional Rural Banks, namely Saurashtra Gramin Bank and Baroda Gujarat Gramin Bank. Accordingly, the analysis and conclusions are restricted to these two banks for the purpose of achieving the objectives of the study.

X. TOOLS AND TECHNIQUES USED FOR DATA ANALYSIS

The financial performance of the selected Regional Rural Banks has been evaluated through a comparative analysis using key financial performance indicators. Various statistical and analytical techniques have been employed to examine, compare, and interpret the financial performance of the selected RRBs.

XI. TYPE OF DATA AND METHOD OF COLLECTIONOF DATA

The present study is empirical and analytical in nature. It is based primarily on secondary data collected from the published annual reports of Baroda Gujarat Gramin Bank (BGGB) and Saurashtra Gramin Bank (SGB) for the study period. Additional information has been obtained from relevant journals, research articles, books, and authentic websites to support the analysis and interpretation of the findings.

XII. DATA ANALYSIS AND INTERPRETATION

TABLE 1. COMPARISION OF REGIONAL RURAL BANKS- KEY PERFORMANCE INDICATORS

Presents the Key Performance Indicators						
Items / Indicators	**SAURASHTRA GRAMIN BANK**			**BARODA GUJARAT GRAMIN BANK**		
Sponsored Bank	STATE BANK OF INDIA			BANK OF BARODA		
YEAR	**2022-23**	**2023-24**	**2024-25**	**2022-23**	**2023-24**	**2024-25**
District Covered	11	11	11	22	22	22
Total Branches	258	258	258	487	487	486
Rural Branches	163	163	163	326	326	326

Semi Urban Branches	34	34	34	104	104	104
Urban Branches	53	53	53	27	27	27
Metropolitan	8	8	8	30	30	29
Share Capital	245343	245343	245343	782807	782807	782807
Share Capital Deposit	86374140	98408159	108972810	118258649	128592638	143207843
Reserves	8016642	10298795	13164030	4319476	6050147	7659938
Total Owned Funds	105450366	119351428	127936369	127289342	141907043	160533355
Borrowings	8550397	7685197	3220193	1104664	3272909	4829308
Investments	22767370	26682553	29324400	46911375	465519474	41712607
Loan issued	52346826	60009046	68348582	47460102	56039952	72031199
Recover Percent (June position)	91.74	91.43	92.28	84.04	85.44	86.30
Net Profit After Tax	1785326	2282153	2865235	407621	1730671	1609791
Gross NPA Percent	2.87	2.17	1.69	2.74	2.16	1.68
Productivity Per Branch	580983	660529	734516	382648	428962	488685
Productivity Per Staff	150647	160467	182217	105342	125167	122803
Source: Annual Reports of SGB, BGGB. (Figures: Rs. In Thousand.)						

Table 1: Presents the Key Performance Indicators of RRBs of SGB, BGGB as on FY 2022-23 to 2024-25.

XIII. FINDINGS

Analysis of Key Performance Indicators of RRBs in Gujarat

- The present analysis examines the financial and operational performance of two Regional Rural Banks operating in Gujarat, namely Saurashtra Gramin Bank (SGB) and Baroda Gujarat Gramin Bank (BGGB), over a three-year period from 2022–23 to 2024–25, based on secondary data obtained from their annual reports.

1. Branch Network and Area Coverage

- The branch network of both banks remained largely stable during the study period. SGB consistently operated in 11 districts with 258 branches, whereas BGGB covered 22 districts with nearly double the branch strength (487 branches, marginally reduced to 486 in 2024–25). In both banks, rural branches constituted the majority, highlighting adherence to the core objective of promoting rural banking and financial inclusion. The stability in branch expansion indicates a phase of consolidation rather than aggressive outreach.

2. Capital Base and Owned Funds

- The share capital of both banks remained unchanged throughout the study period, suggesting the absence of additional capital infusion from stakeholders. However, BGGB's share capital was significantly higher than that of SGB, reflecting its larger operational scale.
- A continuous increase in reserves and total owned funds was observed in both banks, indicating improved internal capital generation. SGB's total owned funds increased from ₹105,450,366 thousand in 2022–23 to ₹127,936,369 thousand in 2024–25, while BGGB's increased from ₹127,289,342 thousand to ₹160,533,355 thousand. This growth strengthens the financial resilience of both banks.

3. Deposit Mobilization Performance

- Both RRBs demonstrated consistent growth in deposits during the study period. The steady rise in share capital deposits reflects growing customer confidence and effective deposit mobilization strategies. BGGB maintained a higher deposit base compared to SGB, which can be attributed to its wider geographical coverage and stronger brand association with Bank of Baroda.

4. Credit Expansion and Lending Activity

- Loan issuance increased steadily in both banks, indicating an expansion of credit to priority sectors.
- SGB's loans outstanding increased from ₹52,346,826 thousand to ₹68,348,582 thousand.
- BGGB's loan portfolio showed sharper growth, particularly in 2024–25, reaching ₹72,031,199 thousand.
- This growth in advances suggests improved credit delivery and enhanced support to agriculture, MSMEs, and rural households.

5. Recovery Performance

- Recovery percentage is a critical indicator of asset quality. SGB consistently outperformed BGGB in loan recovery, maintaining recovery rates above 91% throughout the study period. BGGB, although showing improvement, recorded comparatively lower recovery ratios ranging between 84% and 86%. Higher recovery performance of SGB indicates better credit monitoring and recovery mechanisms.

6. Asset Quality (Gross NPA)

- Both banks recorded a significant decline in Gross NPA percentages, reflecting improved asset quality.
- SGB's GNPA ratio declined from 2.87% to 1.69%.
- BGGB's GNPA ratio reduced from 2.74% to 1.68%.
- The declining trend in NPAs indicates strengthened credit appraisal systems and effective recovery strategies, aligning with regulatory expectations.

7. Profitability Performance

- Profitability improved in both banks, though at different scales. SGB showed consistent growth in net profit, rising from ₹1,785,326 thousand to ₹2,865,235 thousand. BGGB recorded fluctuations but maintained profitability across all three years. Higher profitability of SGB, despite its smaller size, indicates superior operational efficiency.

8. Productivity Indicators

- Productivity per branch and per staff increased in both banks, reflecting enhanced operational efficiency. However, SGB consistently recorded higher productivity ratios than BGGB. This suggests optimal utilization of human and physical resources in SGB compared to BGGB.

Overall Findings

The comparative analysis reveals that:

- BGGB dominates in size, geographical coverage, and deposit base, whereas
- SGB demonstrates superior efficiency, recovery performance, lower NPAs, and higher productivity

XIV. LIMITATIONS OF THE STUDY

- The study is based entirely on secondary data collected from the published annual reports of selected Regional Rural Banks; therefore, the accuracy of the analysis depends on the reliability of these reports.
- The study covers a limited time period of three years (2022–23 to 2024–25), which may not fully capture long-term trends and cyclical changes in the performance of RRBs.
- The scope of the study is restricted to only two RRBs operating in Gujarat, and hence the findings cannot be generalized to all Regional Rural Banks in India.
- The analysis relies mainly on financial and quantitative indicators; qualitative factors such as management efficiency, customer satisfaction, and employee motivation are not considered.

- The study does not examine the impact of macroecono

XV. FUTURE SCOPE OF THE STUDY

- Future research may extend the study period to include longer time horizons for better trend analysis and forecasting of NPAs and profitability.
- The study can be expanded to cover RRBs across multiple states or at the national level to enable broader comparative analysis.
- Further studies may incorporate primary data through surveys or interviews with bank officials, customers, and borrowers to gain deeper insights into recovery challenges and NPA causes.
- Advanced analytical tools such as ratio analysis, CAMELS model, trend analysis, or econometric models can be applied for more comprehensive evaluation.
- Future research can focus on the impact of digital banking initiatives and financial inclusion schemes on asset quality and operational efficiency of RRBs.

XVI. Suggestions

- Regional Rural Banks should strengthen their credit appraisal and risk assessment mechanisms, especially for agricultural and priority sector lending, to prevent future NPAs.
- Emphasis should be placed on improving loan recovery systems through timely follow-up, use of technology, and borrower education programs.
- Banks should adopt data-driven monitoring systems for early identification of stressed assets to minimize slippages into NPAs.
- Regular training and capacity-building programs for staff should be conducted to enhance credit management, recovery skills, and customer handling.
- RRBs should diversify their loan portfolios by promoting MSME and non-farm sector lending to reduce overdependence on agriculture-related credit risk.
- Strengthening financial literacy programs in rural areas can improve repayment behavior and overall credit discipline.

XVII. CONCLUSION

Under the RRBs Act of 1976, the Indian government formed Regional Rural Banks (RRBs) to bridge the credit flow gap for the rural poor. The RRBs were founded "with a view to developing the rural economy by providing, for the purpose of developing agriculture, commerce, industry, trade, and other productive activities in the rural areas, the provision of credit and other facilities, particularly to small and agricultural, marginal farmers, artisans, laborers, and small entrepreneurs, and for matters connected therewith and incidental thereto." Saurashtra Gramin Bank (SGB) and Baroda Gujarat Gramin Bank (BGGB) Gujarat all have regional rural banks that are essential to their rural lending systems. Data analysis reveals that RRBs in Gujarat are contributing to the state's rural areas' 360-degree growth. In summary, it has shown to be an organization that promotes "Growth with Social Justice" and offers comprehensive support to rural Gujarat.

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