Department of Financial Services (DFS) Approves Viability Plan 2.0 for Regional Rural Banks (RRBs)

Revised three-year framework aims at strengthening financial stability and improving operational efficiency across all 28 RRBs

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To institutionalize performance monitoring and strengthen governance reforms in Regional Rural Banks (RRBs), the Department of Financial Services (DFS) had introduced a three-year Viability Plan covering FY 2021-22 to FY 2024-25. The framework has been instrumental in improving financial performance and strengthening monitoring mechanisms across RRBs. In view of emerging financial sector challenges and the need for continued oversight, DFS has now approved a revised Viability Plan 2.0 for a further period of three years from 2025-26 to 2027-28, aimed at enhancing financial sustainability and long-term competitiveness of RRBs.

The Viability Plan 2.0 comprises a defined set of 30 performance parameters anchored around four main key pillars viz. operational excellence, asset quality, profitability, and growth. The key critical metrics across these four pillars include CRAR, credit-deposit ratio, digital adoption, NPA levels, recovery performance, profitability ratios and performance in implementation of Government of India schemes.

In short, the Viability Plan 2.0 provides a balanced and comprehensive framework to assess and monitor the overall health and efficiency of RRBs. The initiative is expected to strengthen financial stability and improve operational efficiency across all 28 RRBs and also ensure that RRBs remain aligned with national priorities of rural credit expansion, digital inclusion, and financial outreach.

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