

Capital Adequacy Ratio as a Measure of Financial Health: An Empirical Study of Assam Gramin Vikash Bank

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Abstract: *Capital Adequacy plays a pivotal role in ensuring the stability and operational resilience of Regional Rural Banks (RRBs) like Assam Gramin Vikash Bank. As these banks primarily serve financially vulnerable rural populations, maintaining adequate capital buffers becomes crucial to absorb potential losses from agricultural loan defaults or economic shocks. So, this study provides a comprehensive analysis of capital adequacy as a key indicator of financial health in AGVB. The study systematically assesses important financial metrics, such as the Capital Adequacy Ratio (CAR), its Tier I and Tier II components, and risk-weighted assets, using a ten-year period (2011–2021). The results shows that AGVB's financial health has gotten worse, with CAR falling from 10.73% in 2011–12 to 2.09% by 2020–21. The findings highlight how urgently regulatory action is required to protect the stability of regional rural banks, including increased risk management and capital infusion.*

Keywords: AGVB, loans and advance, assets, debt, equity, securities

