

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1259

ANSWERED ON:07.03.2008

STRENGTHENING OF AILING RRBS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government proposes to strengthen the ailing regional rural banks by infusing fresh capital as reported in the 'Hindu' dated 31 January, 2008;
- (b) if so, the details in this regard;
- (c) the names of the rural banks proposed to be strengthened, State-wise; and
- (d) the amount proposed to be invested in this regard?

Answer

The Minister of State in the Ministry of Finance(Shri Pawan Kumar Bansal)

(a) and (b):- The Budget Proposals for the year 2007-08 included the proposal for recapitalization, in a phased manner, of Regional Rural Banks (RRBs) which have a negative networth. RRBs are jointly held by Central Government/State Governments/Sponsor Banks in the proportion of 50:15:35, respectively. The Central Government proposes to release its share of contribution for recapitalization of RRBs along with the release of contribution of their share by the State Governments and Sponsor Banks concerned.

(c)& (d) :- A list indicating the names of RRBs proposed to be recapitalized and the amount of recapitalization is at Annexure.