

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4725  
ANSWERED ON:18.12.2009  
RRBs  
Alagiri Shri S. ;Singh Rajkumari Ratna

**Will the Minister of FINANCE be pleased to state:**

- (a) whether a large number of Regional Rural banks have been closed during the last three years in the country;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the corrective measures taken by the Government to stop such closure of RRBs and to strengthen the existing RRBs?

**Answer**

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) to (c):- In order to reposition Regional Rural Banks (RRBs) as effective instruments of credit delivery, the Government of India initiated State-level sponsor bank-wise amalgamation of RRBs in September 2005. As a result of amalgamation of RRBs on the aforesaid principal, the number of RRBs has come down from 196 in September 2005 to 84 as on date. RRBs have been amalgamated sponsor bank-wise at the State level to reap the benefits of a larger area of operation and enhanced credit exposure limits.

To strengthen the RRBs, several other measures taken are:-

- 1) Recapitalization of weak RRBs in a phased manner.
- 2) Expansion of non-fund based business activities such as sale of insurance policies, disbursement of pension, salaries etc. and handling of government business to increase income generation.
- 3) Permitting RRBs to accept Foreign Currency Non-Residents (FCNR) Deposits.
- 4) Allowing consortium lending to RRBs.