

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1452
ANSWERED ON:05.03.2010
REGIONAL RURAL BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) the number of Regional Rural Banks (RRBs) in the country, State-wise;
- (b) whether the Government proposes to formulate any scheme for improvement in the present functioning of RRBs in the country;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government to strengthen the RRBs in the country?

Answer

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

- (a) There are 82 Regional Rural Banks (RRBs) as on date. The state-wise distribution of RRBs is attached.
 - (b) to (d): The Government of India has taken the following major steps to improve rural banking;
 - 1) Amalgamation of Regional Rural Banks (RRBs) sponsor bank-wise at State level. The amalgamated RRBs will provide better customer service due to better infrastructure, computerization of branches, pooling of experienced work force, common publicity and marketing efforts etc. They will also reap benefits of a large area of operation and enhanced credit exposure limits.
 - 2) Recapitalization of 27 RRBs with negative net worth to the extent of Rs. 1795.97 crore was initiated in 2007-08. This has been completed.
 - 3) Branch expansion of RRBs with a view to provide banking services in the uncovered areas.
 - 4) 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.
 - 5) Opening of 'no-frill' accounts with low or minimum balance.
 - 6) Permitting RRBs to accept Foreign Currency Non-Residents (FCNR) Deposits.
 - 7) Allowing consortium lending to RRBs.
 - 8) In order to enhance the competitive efficiency, improve customer service quality and further financial inclusion by RRBs, all sponsor banks have been advised to ensure the implementation of Core Banking Solution (CBS) in their sponsored RRBs. As on date CBS has been fully implemented in 14 RRBs covering 2670 branches.
 - 9) RBI has relaxed the terms and conditions for opening a new branch by an RRB. As per the revision, greater flexibility is allowed to RRBs in opening new branches as long as they are making profits and their financials are improving.
 - 10) RBI has constituted Empowered Committees for RRBs in its Regional Offices with members drawn from NABARD, sponsor banks, convenors of State Level Bankers Committee (SLBCs) and State Government concerned to ensure that the RRBs adhere to good governance and comply with prudential regulations.
- The Committees would also focus on operational issues and provide clarifications on regulatory issues.