

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4758
ANSWERED ON:07.08.2009
NATIONALISATION OF RRBS
Swamygowda Shri N Cheluvarya Swamy

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received any proposal from employees of Regional Rural Bank (RRB) to nationalize regional rural bank;
- (b) if so, the details thereof and the action taken by the Government in this regard; and
- (c) the steps being taken by the Government to improve the rural banking in the country?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) and (b):- No, Sir. Regional Rural Banks (RRBs) are jointly owned by the Government of India, the concerned State Government and Sponsor Banks and the share capital is in the ratio of 50:15:35 respectively. Thus the question of nationalization of RRBs does not arise,

(c):- The Government of India has taken the following major steps to improve the functioning of Regional Rural Banks:-

(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 all RRBs having a negative networth as on 31.3.2007.

(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.