

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4862
ANSWERED ON:07.08.2009
MERGER OF GRAMEEN BANKS
Danve Shri Raosaheb Patil;Siricilla Shri Rajaiah

Will the Minister of FINANCE be pleased to state:

- (a) the status of implementation of recommendations of Vyas Committee to set up Grameen Banks in the States;
- (b) whether the Maharashtra Godavari Grameen Bank and Marathwada Grameen Banks are being merged;
- (c) if so, the details thereof and NABCONS Report in this regard; and
- (d) the loss to be borne by the Union Government by such merger?

Answer

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

(a):- The Vyas Committee recommended the amalgamation of Regional Rural Banks (RRBs) -Sponsor Bank wise in a State. The Government initiated the process for structural consolidation of RRBs in September 2005. As a result of the amalgamation, the number of RRBs has been reduced from 196 to 83 and one new RRB, namely the Puduvai Bharathiar Grama Bank has been established on 26.3.2008 taking the total RRBs to 84 as on date.

(b) & (c): As per the provisions of RRBs Act, 1976, the sponsor bank, National Bank for Agriculture and Rural Development (NABARD) and the State Government of Maharashtra were consulted in the matter and thereafter the Maharashtra Godavari Grameen Bank and Marathwada Grameen Banks have been amalgamated on July 20, 2009 to form a new entity namely Maharashtra Gramin Bank.

The Bank of Maharashtra had engaged the NABARD Consultancy Services (NABACONS) in 2007 to study and suggest the strategy for revitalization of Marathwada Gramin Bank and on amalgamation of Marathwada Gramin Bank, Aurangabad Jalna Gramin Bank and Thane Gramin Bank (erstwhile RRBs).

(d): No loss was incurred on account of the merger. However, Marathwada Gramin Bank was recapitalized before amalgamation, with a total amount of Rs.94.27 crore, which was borne by its stake holders i.e. Central Government, State Government and Sponsor Bank in the ratio 50:15:35.