

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2942
ANSWERED ON:29.08.2012
RRB BRANCHES QUESTION
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Will the Minister of FINANCE be pleased to state:

- (a) the number of branches of regional rural banks (RRBs) proposed to be opened in each State during the current year and the next year;
- (b) the amount likely to be spent for opening new branches;
- (c) the role played by these banks in the economic development of the rural areas; and
- (d) the steps taken by the Government to ensure that these RRBs play their role effectively?

Answer

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

- (a) The State-wise details of the new branches opened by the Regional Rural Banks (RRBs) during 2011-12 and the target of branches to be opened during 2012-13 are at Annexure.
- (b) The expenditure to be incurred to open new branches depends upon number of factors such as size of branch, location, ownership status of premises etc. and thus may varies from branch to branch.
- (c) RRBs have played crucial role in credit delivery particularly to agriculture sector, SSI, rural artisans etc. and in development of rural economy of the country. As per provisional data available, the total outstanding loans of RRBs have increased from Rs. 98, 917 crore as on 31st March, 2011 to Rs. 1,20, 551 crore as on 31st March, 2012, registering a growth of about 22%. As on 31st March, 2012 the total priority sector loans and agricultural loans of RRBs account for about 81% and 53% of total loans outstanding respectively.
- (d) With a view to provide modern banking technology and play more effective role in the financial services sector, 81 out of 82 RRBs have migrated to Core Banking Solution and have joined National Electronic Fund Transfer System, allowing their customer to transfer funds across the banks. Further, recapitalisation of 40 identified weak RRBs has been undertaken to enhance their Capital to Risk weighted Asset Ratio (CRAR) to minimum 9%. The process of recapitalisation has already been completed in respect of 26 RRBs.