

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4197

ANSWERED ON:22.03.2013

REGIONAL RURAL BANKS

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Ramshankar Dr. ; Yadav Shri Dharmendra; Yaskhi Shri Madhu Goud

Will the Minister of FINANCE be pleased to state:

- (a) the main objectives for setting up of Regional Rural Banks (RRBs) in the country and the guidelines which regulate the credit and other facilities by these RRBs;
- (b) the number of RRBs in the country, State/UT-wise;
- (c) whether the Government proposes to amend the Regional Rural Banks (RRBs) Act, 1976;
- (d) if so, the details thereof and the time by which it is likely to be amended; and
- (e) whether any Committee/Working Group has been constituted by the Government to suggest measures for strengthening of RRBs in the country and if so, the details thereof and the recommendations made by the said committee along with follow up action taken by the Government thereon?

Answer

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

(a): The main objective for setting up of Regional Rural Banks (RRBs) was to provide credit and other related facilities in the rural areas, with special focus on small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. Credit and other facilities to the customers of RRB are governed by the RRB Act, 1976 and directions issued by the RBI and NABARD from time to time.

(b): As on date, 64 RRBs are functioning in the country. State/Union Territory-wise list of RRBs is Annexed.

(c) and (d): Yes, Sir. The proposed amendments in the RRBs Act, 1976 inter-alia include enhancement of authorised & issued capital, enabling provision for raising private capital by RRBs, providing for private shareholder directors and fixing the term of the non official directors appointed by the Central Government. The Government intends to introduce the Amendment Bill in the Parliament in the Budget Session.

(e): A Committee constituted by Government under the chairmanship of Dr. K.C. Chakrabarty in 2009 to review the performance and the financial position of Regional Rural Banks (RRBs), inter-alia recommended recapitalization of 40 financially weak RRBs to strengthen their capital base and to improve their Capital Risk Weighted Assets Ratio (CRAR). The recapitalisation amount estimated at Rs. 2,200 crore was to be contributed by the shareholders, viz., Central Government (50%), concerned State Government (15%) and the sponsor banks (35%) in proportion to their shareholding. The share of Central Government is released after the release of their respective share by State Governments and sponsor banks.

So far Central Government has released its share of Rs. 668.92 crore. With this 26 RRBs have been recapitalised. The Government has extended the recapitalisation scheme till March, 2014.