

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5177

ANSWERED ON:24.04.2015

SUBJECT REGIONAL RURAL BANKS

Kirtikar Shri Gajanan Chandrakant;Tumane Shri Krupal Balaji

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 along with the number of RRBs presently functioning in the country, State-wise;
- (b) the details and the number out of them which are suffering with poor financial condition/closed down during the last three years, State-wise;
- (c) whether the Government has received any representation from the States for assistance to RRBs and if so, the details thereof;
- (d) whether the Government has any proposal to provide any scheme/package for strengthening the RRBs; and
- (e) if so, the details thereof along with the steps taken/being taken by the Government to improve the financial condition/performance of RRBs?

Answer

Minister of State in the Ministry of Finance (Shri Jayant Sinha)

(a)&(b) Regional Rural Banks (RRBs) were established in 1975 under the provisions of the Ordinance promulgated on 26 September, 1975 and the RRBs Act, 1976 with a view to develop the rural economy and to create a supplementary channel to the cooperative credit structure so as to enlarge institutional credit for rural and agriculture sector. The main objective of setting up of RRBs is to provide credit and other facilities, especially to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs in rural areas. Credit and other facilities to the customers of RRBs are governed by the RRBs Act, 1976 and directions issued by RBI and National Bank for Agriculture and Rural Development (NABARD) from time to time. State-wise details of number of RRBs are given in Annexure.

During the year 2013-14, all the RRBs had generated profits. The aggregate profit earned by these banks as on 31.3.2014 worked out to Rs.2694 crore. However, 8 RRBs functioning in six States, though in profits, carry accumulated losses aggregating to Rs.948 crore. No RRB was closed down during the last three years.

(c) to (e) Dr. K.C. Chakrabarty Committee on "Recapitalization of RRBs for improving CRAR" had reviewed the financial position of all RRBs in 2010 and recommended for recapitalisation of 40 out of 82 RRBs for strengthening their CRAR to the level of 9% by 31 March 2012. Accepting the recommendations of the committee, the GOI along with other shareholders decided to recapitalise the RRBs by infusing funds to the extent of Rs.2200 Crore, with proportion of shareholder being 50:35:15 for Govt:Sponsor Bank:State Government. An amount of Rs.1086.70 crore has been released to 38 RRBs in 20 States by Government of India as on 31.3.2014.