

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3167

ANSWERED ON:07.08.2015

Regional Rural Banks

Adsul Shri Anandrao ;Mahto Dr. Banshilal;Patil Shri Shivaji Adhalrao;Shrirang Shri Chandu Barne;Tadas Shri Ramdas  
Chandrabhanji;Yadav Shri Dharmendra

**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 and the current year, 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/assistance 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)

(SHRIJAYANTSINHA)

(a) Regional Rural Banks (RRBs) were established 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. The credit and other facilities extended by RRBs are governed by the RRBs Act, 1976 and the guidelines issued by RBI/NABARD from time to time. State wise details of number of RRBs are given in Annexure I.

(b) No RRB was closed down during the last three years and the current year. The RRB-wise details of accumulated loss for the last three years is given in Annexure II.

(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 31st 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 GoI:SponsorBank:State Government. An amount of Rs.1086.70 crore has been released to 38 RRBs in 20 States by Government of India as on 31.03.2014. Further, the Government has approved the proposal to continue the process of recapitalisation of RRBs for next three years beyond 2013-14 i.e. upto 2016-17 for the RRBs who are unable to maintain minimum CRAR of 9%.