

Title: Need to revamp and restructure the Regional Rural Banks with NABARD as the apex institution with a major share holding. – Laid.

SHRI P. MOHAN (MADURAI) : Regional Rural Banks have proved themselves to be an inseparable institution for the rural credit in the last 27 years. So, the retention with the revamping and restructuring of the RRBs is a must.

If the formation of separate National Bank is not found feasible at this juncture, NABARD can be asked to play the role of Apex Bank as major share holder or otherwise. NABARD can very well purchase the share of sponsor banks amounting to Rs.63 crores and take over the RRBs as their Associate Institution. Additional share capital contribution of RRBs extended by sponsor Banks can be treated as funded liability and can be repaid by RRBs through NABARD in phased manner. Accumulated profit and Reserve fund or Additional Share Capital Deposit extended can easily cleanse the accumulated loss of RRBs by Government of India.

Such amalgamation of RRBs in a State or Zone under single central agency will ensure cross subsidization, entry in central money market to receive loans etc. from different national and international agencies and to take care of entire credit and rural infrastructure. In no case, RRBs can be merged with sponsor Banks and the entire Rural Credit should not be left to the mercy of corporate banker.

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