

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:606
ANSWERED ON:05.12.2003
PROFIT/LOSSES OF RRB
BASUDEB ACHARIA

Will the Minister of FINANCE be pleased to state:

- (a) the details of Financial results of RRBs as on 31st March, 2003;
- (b) the amount in terms of operating profit of the RRB system as a whole for the last three years;
- (c) the reason for losses in case of loss making RRBs; and
- (d) the steps taken to make loss making RRBs into profitable?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) : Details of Financial results of RRBs as on 31st March, 2003 are as under

Rs Crore

Owned Funds	4619	Profit (156 RRBs)	734
Deposits	50098	Loss (40 RRBs)	215
Borrowings	4799	Net Profit	519
Investments	33063	Accumulated Losses	2752
Outstanding Advances	22158	CD Ratio	44.23
Loans issued	12641	NPA %	14.45

(b) : Operating profit of the RRBs as a whole for the last three years in as under :

(Rs Crore)

Year	2001	2002	2003
Operating Profit	730.18	776.23	709.48

(c) : The major reasons for losses in case of loss making RRBs are the low capitalbase, poor quality of lending portfolio, poor recovery levels and mounting overdues, rising management costs and slender margins.

(d) : Some of the steps taken to make loss making RRBs into profitable are as under : -

1. RRBs were permitted to relocate their loss making branches to potentially good business location centers with the objective of building them up as sustainable rural financial institutions.
2. Loss making branches of RRBs have been allowed to be converted into satellite mobile offices without impairing their performance of service area obligations.
3. Recapitalisation support of Rs 2188 crore was extended to 187 RRBs.
4. 139 RRBs were identified for the purpose of conduct of Organizational Development Intervention (ODI) under Swiss Development Cooperation.
5. Scheme for inter RRB redeployment of staff was introduced.
6. One Time settlement scheme for recovery of NPAs was introduced in RRBs.

7 RRBs have been encouraged to finance more through SHGs in which recovery performance is good.