

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:832
ANSWERED ON:22.11.2002
RRBs MAKING LOSS
VIRENDRA KUMAR

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) the names of the States and the number of Regional Rural Banks particularly in Madhya Pradesh which are running at loss;
- (b) since when these banks are incurring losses and the amount of losses incurred by these banks so far; and
- (c) the steps taking by the Government for revival of these banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) As per NABARD's report, out of 196 Regional Rural Banks (RRBs) in the Country 29 RRBs are incurring losses as on 31st March, 2002. State-wise number of loss-making RRBs and the amount of losses during 2001-2002 & accumulated losses including those in the State of Madhya Pradesh are given below. The assessment of losses of these banks is done with reference to their financial position as on 31 March of each year and these figures are subject to change in accordance with the performance of the RRB in that particular year.

(Rs. in Crore)

S. States	No. of	Losses	Accumulated
No.	RRBs during	Losses	
	2001-02		

1 2 3 4 5

1. Jammu & Kashmir 1 6.19 5531

2. Rajasthan 2 4.36 77.17

3. Assam 1 1.00 19.17

4. Arunachal Pradesh 1 836 11.16

5. Manipur 1 1.16 12.09

6. Bihar 5 6.61 25430

7. Jharkhand 2 4.07 51.70

8. Orissa 5 38.90 319.95

9. Chhattisgarh 2 6.28 84.68

10. Madhya Pradesh 3 3.11 4423

11. Uttar Pradesh 2 3.76 65.83

12. Gujarat 1 157 038

13. Maharashtra 2 3.52 26.75

14. Andhra Pradesh 1 3.19 12.03

(c) Several policy changes have been initiated by Government to facilitate strengthening and revitalization of RRBs. These changes inter alia include;

introduction of Development Action Plan and Memoranda of Understanding (DAPs/MOU) on an annual basis for bringing improvement in the performance of the RRBs in a planned way, introduction of prudential norms covering income recognition, asset classification and provisioning norms;

diversification of business portfolios and activities;

increased avenues for investment of surplus Non-SLR funds;

rationalization of branch network including relocation and merger of loss making branches; deregulation of interest rate structure; and

providing greater role to the sponsor banks in the management of RRBs.