

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:756  
ANSWERED ON:05.12.2003  
MERGER OF RRBS WITH SPONSOR BANKS  
BASUDEB ACHARIA

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government have floated a proposal to merge some Regional Rural Banks (RRBs) with the sponsor banks;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government have explored possibility (or setting up independent apex authority at the national level assigned with the role of sponsored bank of the reorganized banks;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

**Answer**

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

(a) to (e) A Working Group under the Chairmanship of Shri M.V.S. Chalapathi Rao was constituted by Government to review and suggest amendments in RRB Act, 1976. The Committee has made comprehensive recommendations on restructuring RRBs, inter alia, suggesting changes in capital structure, ownership pattern, etc. Recommendations of the Working Group are being considered in consultation with other stakeholders viz. State Governments and sponsor Banks. These recommendations would require detailed examination in terms of long term viability of RRBs, their relevance to the rural credit delivery, capital structure required and better & effective management. Discussions are currently being held with Indian Bank's Association, (Sponsor Banks) Reserve Bank of India and National Bank for Agriculture & Rural Development to take decisions on these critical issues and the discussions at this stage are inconclusive.