

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1507
ANSWERED ON:03.03.2000
PROFIT/ LOSSES OF REGIONAL RURAL BANKS
KRISHNA BOSE

Will the Minister of FINANCE be pleased to state:

- (a) the details of Regional Rural Banks (RRBs) functioning in the country at present;
- (b) the profit/losses incurred by the RRBs during the last three years, bank-wise;
- (c) whether the Government propose to take any steps in regard to loss suffering banks in term of their upliftment;
- (d) if so, the detailed programme chalked out in this regard;
- (e) the number of such banks to be opened in the country during Ninth Plan, State-wise; and
- (f) the scheme of these banks to attract more and more public for taking loans?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) As on 31st March, 1999, 196 Regional Rural Banks (RRBs) are functioning in 480 districts in the country with a net-work of 14,486 branches. As reported by National Bank for Agriculture & Rural Development (NABARD) the profit and loss position of RRBs during 1996-97, 1997-98 and 1998-99 is given in the enclosed statement.

(c) and (d) With a view to facilitate strengthening and revitalising RRBs several policy changes have been initiated in the recent past. The main features are as under:—

(i) With a view to strengthen equity base and improve financial performance of the RRBs, recapitalisation measures were initiated in 1994-95. An amount of Rs. 2188 crores has been provided as an additional share capital to 187 RRBs out of 196 RRBs. Of 187 RRBs, 158 stand fully recapitalised whereas 29 RRBs have been partially recapitalised.

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

(iii) Diversification of business portfolios and activities.

(iv) Increased avenues for investment of surplus Non-SLR funds.

(v) Rationalisation of branch net-work including relocation and merger of loss incurring branches.

(vi) Deregulation of interest rate structure.

(vii) Providing greater role to the sponsor bank in management of the affairs of RRBs

(e) At present there is no proposal to open new RRB in the country.

(f) The schemes introduced in RRBs to attract more and more beneficiaries, inter-alia, include the following:-

(i) introduction of Composite Credit facilities for farmers having satisfactory track record.

(ii) introduction of Kisan Credit Cards; and

(iii) Adoption of Self Help Group Approach for purveying micro credit in rural areas.