

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6159  
ANSWERED ON:05.05.2000  
EXPENDITURE OF BANKS ON ADMINISTRATION  
SHANKAR PRASAD JAISWAL

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

- (a) the percentage of the total income permissible under the Administrative Expenditure Head in rural banks along with the actual amount spent/being spent by these banks;
- (b) whether these banks are spending more than the amount permissible therefor; and
- (c) if so, the necessary steps being taken by the Government to reduce this expenditure?

**Answer**

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

(a) and (b) There has been no specific limit prescribed by National Bank for Agriculture and Rural Development (NABARD) for expenses in respect of Regional Rural Banks (RRBs). The establishment cost of individual RRB depends upon many factors such as size of RRB, staff strength, level of business, etc. The Board of Directors of each RRB is the appropriate authority to monitor and control the expenditure in respect of each RRB. As reported by NABARD the actual expenditure by all RRBs towards administrative expenses for the year 1988-89 was Rs. 982.66 crore which is approximately 29% of the total income for the year.

(c) RRBs are required to prepare Development Action Plan incorporating strategies for improving operational efficiency by increasing business and reduction of cost. Sponsor Banks also conduct quarterly review meetings of their sponsored RRBs to monitor the progress in this regard.