

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5152
ANSWERED ON:20.04.2001
REVIVAL OF REGIONAL RURAL BANKS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

- (a) whether the RRB`s are given a revival package by the Government to make them viable;
- (b) if so, when and the salient features of the package:
- (c) the number of RRB`s that have attained viability level after extension of the package, State-wise;
- (d) how many are still to become viable and which are those RRBs;
- (e) whether the Government are considering any further revival package and make them viable: and
- (f) if so, the details thereof?

Answer

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

(a) and (b) With a view to facilitate strengthening and revitalizing of Regional Rural Banks (RRBs) following policy changes have been initiated in the recent past. Recapitalisation measures were initiated in 1994-95. Till date, Rs.2188 crores has been provided as additional share capital to 187 RRBs out of 196 RRBs. Of 187 RRBs, 158 stand fully recapitalised whereas 29 RRBs have been partially recapitalised: Introduction of Development Action Plans and Memoranda of Understanding (DAPs/MOU) on an annual basis for bringing improvement in the performance of RRBs in a planned way;

Introduction of prudential norms covering income recognition, assets classification and provisioning norms; Diversification of business portfolios and activities; Increased avenues for investment of surplus Non-SLR funds; Rationalisation of branch net work including relocation and merger of loss incurring branches; Deregulation of interest rate structure; Providing greater role to the sponsor banks in the management of RRBs.

(c) State-wise number of RRBs which have attained viability as on 31st March, 2000 are given in the enclosed Statement-I

(d) Names of the RRBs who are still to become viable are given in the enclosed Statement-II

(e) and (f) The sponsor banks have been entrusted with monitoring of performance and exercising ownership functions of RRBs since 1997 to achieve single-entity management for continued appraisal planning and strengthening of RRBs.