

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1466  
ANSWERED ON:16.07.2004  
MERGER OF RURAL BANKS  
Mohale Shri Punnulal

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

- (a) Whether the Government proposes to set up the Indian National Rural Bank by merging all the rural banks in NABARD in order to strengthen rural economy;
- (b) if so, the details thereof; and
- (C) if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S.PALANWANICKAM)

(a & (b) & (c): Several options for revamping of Regional Rural Banks (RRBs) have been suggested. These include, inter-alia, de-linking of RRBs from Sponsor Banks, amalgamation of RRBs at regional or state level, merger with Sponsor Banks, making RRBs subsidiaries of the Sponsor Banks, their consolidation into a National Rural Bank etc. Discussions in this regard have so far remained inconclusive. Government has decided that each sponsor bank will be held squarely accountable for the performance of RRBs under its control. RRBs that adopt a new governance standard and that abide by the prudential regulations will qualify for receiving funds from the Government for restructuring.