

Government of India
Ministry of Finance
Department of Financial Services

RAJYA SABHA
UNSTARRED QUESTION NO. 564
To be answered on the July 25, 2023/ 03 Sravana, 1945 (SAKA)

Bifurcation and amalgamation of rural banks

564: Dr. K. Laxman:

Will the Minister of Finance be pleased to state:

- (a) whether it is a fact that process of State-wise and sponsored bank-wise bifurcation and amalgamation of rural banks has not been completed;
- (b) if so, the reasons thereof;
- (c) the role of rural banks in the context of the merger of commercial banks at the National level; and
- (d) the status of rural bank employees in the new scenario?

ANSWER

Minister of State in Ministry of Finance

(SHRI BHAGWAT KARAD)

(a) and (b) The amalgamation of RRBs is governed under section 23A of Regional Rural Banks Act, 1976 (RRBs Act) which provides that two or more RRBs may be amalgamated by Central Government, after consultation with the concerned State Government, NABARD and the Sponsor Bank, if it is of the opinion that it is necessary in the public interest or in the interest of the development of the area served by any Regional Rural Bank or in the interest of the Regional Rural Banks themselves. Accordingly, Government of India initiated structural consolidation of RRBs in 2004-05, which has resulted in reduction in the number of RRBs from 196 to 43 till 2020-21 in 3 phases.

(c) and (d) There is no impact of merger of commercial banks at national level on RRBs, except that the sponsorship of some RRBs changed to the respective merged public sector bank. RRB employees continue to be governed under the RRBs Act and the rules and regulations framed thereunder.
