

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
UNSTARRED QUESTION NO.5161
To be answered on the April 04, 2022/14 Chaitra, 1944 (SAKA)

Establishment of National Rural Bank of India

5161: SHRI Y.S. AVINASH REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note that there is a demand for establishment of National Rural Bank of India, in view of the present unhealthy state of Regional Rural Banks;
- (b) whether any proposals have been received in this regard from any quarters;
- (c) whether the Parliamentary Standing Committee on Finance has also endorsed the same view; and
- (d) if so, the details thereof and the stand of the Government in this regard ?

Answer

Minister of State in the Ministry of Finance

(DR. BHAGWAT KARAD)

(a) to (d) The Parliamentary Standing Committee on Finance (2003) in their 55th Report had, *inter alia*, recommended that Government may consider the setting up of an apex body viz. National Rural Bank of India (NRBI). Government has been receiving various representations from time to time in this regard.

In the Action Taken Report on the said recommendations, it was, *inter alia*, stated that the proposal for consolidating the RRBs under a National Rural Bank or NABARD had not found favour with most of the States, who suggested state level amalgamation of RRBs.

Moreover, creation of NRBI might lead to a structure which would also dilute the regional character of RRBs.

With a view to minimize overhead expenses, optimize the use of technology, enhance the capital base and the area of operation, amalgamation process of RRBs was initiated during the year 2004-05. Consequently, the number of RRBs has reduced from 196 during 2004 to 43 at present.
