

Government of India
Ministry of Finance
Department of Financial Services

**LOK SABHA
UNSTARRED QUESTION NO. 156**

ANSWERED ON THE MONDAY, NOVEMBER 25, 2024/4 AGRAHAYANA, 1946 (SAKA)

Merger of Regional Rural Banks

156. SHRI K SUDHAKARAN

Will the MINISTER OF FINANCE be pleased to state:

- (a) whether the Government is planning to merge Regional Rural Banks (RRBs) in the country;
- (b) if so, the specific details of the proposed merger plan and if not, the reasons for deciding against such a merger; and
- (c) whether the Government has made any consultations with stakeholders, including RRB employees, banking associations, and rural communities, regarding the proposed merger;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHOUDHARY)

(a) to (e) 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. Presently, there are 16 States with one RRB and 12 States with more than one RRBs. In order to derive the benefits of scale efficiency and cost-rationalisation, the Government has continued with the process of further consolidation of RRBs, towards the goal of 'One State One RRB' and sought comments from the concerned sponsor banks and the respective State governments under the said provisions of the RRBs Act.
