

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 2668

ANSWERED ON MONDAY, MARCH 9, 2026/ 18 PHALGUNA, 1947 (SAKA)

One State, One Rural Bank

†2668. DR. MANNA LAL RAWAT:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has decided to implement the policy of “One State, One Rural Bank”, if so, the salient objectives and provisions thereof;

(b) the names of the States where the merger of rural banks has been done so far under the said policy and the names of the States for which the merger process is under progress;

(c) the details of impact of the said integration on banking services, credit delivery, financial inclusion and employment in rural areas;

(d) whether some States or rural banks have raised any objections to the said policy and if so, the details thereof; and

(e) the status of “One State, One Rural Bank” policy in Rajasthan?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) & (b) Guided by the principle of ‘One State-One RRB (Regional Rural Bank)’, the Government has, as per the powers conferred under Section 23A of the Regional Rural Banks Act, 1976, and in consultation with State Governments, NABARD and Sponsor Banks, amalgamated RRBs in 12 States/UTs, to achieve the benefits of scale efficiency, cost-rationalisation, strengthen capital and technology adoption and improve visibility and branding. As a result of the amalgamation process, the total number of RRBs in the country has been reduced from 43 to 28.

The amalgamation on the principle of “One State, One RRB” was done in 12 States/UTs i.e. Andhra Pradesh, Bihar, Gujarat, Jammu and Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Telangana, Uttar Pradesh and West Bengal. The amalgamation of the RRBs has been accordingly completed in all 12 States by 01.05.2025.

(c) The amalgamation of Regional Rural Banks (RRBs), undertaken on the principle of “One State–One RRB”, is expected to yield multiple benefits for RRBs that positively impact their banking services, credit delivery, financial inclusion, and overall operational efficiency in rural areas. The key advantages include:

i. Better Capital Base and Access to Resources: The amalgamation of 2 or more smaller RRBs in a particular State/UT is expected to increase their capital base enhancing the financial

stability and resilience of the merged entity. This stronger capital position can enable the RRB to absorb potential losses and weather economic downturns more effectively.

ii. Enhanced financial inclusion: The consolidation expands the ability of RRBs to deliver uniform banking services, deploy digital infrastructure, and ensure seamless credit delivery across the State. With larger capital base, better technology, and contiguous areas of operation, the amalgamated RRBs are positioned to deepen financial inclusion by reaching more rural households, small farmers, artisans, micro entrepreneurs.

iii. Employment Continuity: All employees of the erstwhile RRBs are retained in the transferee RRB with continuity of service. The unified structure enables better manpower planning, skill utilisation, and redeployment across the enlarged service area.

iv. Reduced Overheads: By consolidating operations and eliminating redundancies on account of separate administrative structures, amalgamation is expected to lead to cost savings.

v. Improved Technology Adoption: Amalgamated RRBs can invest in and leverage advanced technology platforms, leading to improved operational efficiency and customer service.

(d) Section 23A of Regional Rural Banks (RRBs) Act, 1976 provides for amalgamation of RRBs, after consultation with the NABARD, the concerned State Government and the Sponsor Bank. Accordingly, consultation with concerned State Governments were held for amalgamation of RRBs. State of Karnataka had opined that amalgamation of 2 RRBs in the state of Karnataka may be explored, if felt essential, after erstwhile Karnataka Gramin Bank becomes a profit making RRB.

(e) In the state of Rajasthan, Baroda Rajasthan Kshetriya Gramin Bank and Rajasthan Marudhara Gramin Bank have been amalgamated to form Rajasthan Gramin Bank (RGB). The amalgamated entity is operating since 1st May 2025 in the state.
