

subject to fulfillment of conditions specified in the said section. The quantum of deduction under the said section depends upon the nature of the activities carried out by the cooperative societies.

Formation of National Rural Bank

2575. SHRI ELAMARAM KAREEM: Will the Minister of FINANCE be pleased to state:

- (a) whether the Parliamentary Standing Committee on Finance recommended for the formation of National Rural Bank (NRB);
- (b) if so, how many times Government has received such recommendations;
- (c) whether Government has taken any favourable decision on the recommendation of the Standing Committee;
- (d) the reason behind the reluctance from Government in forming NRB even after receiving several recommendations from Parliamentary Standing Committee and also other stakeholders; and
- (e) the steps taken by Government to strengthen Regional Rural Banks (RRBs)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (e) The Parliamentary Standing Committee on Finance (2003) in its 55th Report recommended that Government may consider the setting up of an apex body *viz.* National Rural Bank of India. Government has been receiving various representations from time to time in this regard.

Government examined the proposal in consultation with the State Governments and Sponsor Banks and in the Action Taken Report on the recommendations in the aforesaid Report of Parliamentary Standing Committee on Finance (2003), Government, *inter alia*, stated that “The proposal for consolidating the RRBs under a National Rural Bank or NABARD has not been favoured so far for various reasons. State Governments and sponsor banks were consulted in a meeting taken by Secretary (FS) on 1.5.2004 on the proposal made by the select Group of CMDs. Sponsor Banks were supportive of the proposal but most of the States favoured state level amalgamation without any additional financial support.”

The steps taken by the Government to strengthen the RRBs are as under:—

1. Government had initiated the process of structural consolidation of RRBs in 2004-05 by amalgamating RRBs of the same Sponsor Bank within a State.

The amalgamation process brought down the number of RRBs from 196 to 82. With a view to enable RRBs to minimize their overhead expenses, optimize the use of technology, enhance the capital base and area of operation and increase their exposure, the process of amalgamation of RRBs was again carried out in the year 2011. During 2011-2014, the number of RRBs was brought down to 56 from 82. In the year 2018-19, amalgamation of RRBs has been carried out based on a roadmap proposed by NABARD and consultation with respective Sponsor Banks and State Governments. Accordingly, the number of RRBs has been brought down to 45 from 56, as on 01.04.2019. It is expected that amalgamation will bring about better efficiency of scale, higher productivity, improved financial health of the RRBs and greater credit flow to rural areas.

2. Recapitalization support is provided to RRBs to augment their capital so as to comply with regulatory capital requirements.
3. Periodic review of financial performance of RRBs, including business diversifications, profit planning, revenue management and NPA management through conduct of national level meetings by NABARD and through Empowered Committee (EC) meetings at state level.
4. Regular Capacity building efforts are undertaken by NABARD like training at Bankers Institute of Rural Development (BIRD), conduct of Organizational Development Initiative (ODI), exposure visits, etc.
5. NABARD provides regular policy support to RRBs in matters relating to human resources and an arrangement has been made for redressal of grievances through Joint Consultative Committee (JCC).

State of RRBs in the country

2576. SHRI ELAMARAM KAREEM: Will the Minister of FINANCE be pleased to state:

- (a) the number of Regional Rural Banks (RRBs) in the country at present, the details thereof in terms of the ownership, category-wise;
- (b) whether Government is planning to strengthen the RRBs by delinking them from the sponsor banks to recognise them into State level bank under holding company as per the recommendations of Prof. VS Vyas Committee;