

PRESS RELEASE



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RBI releases the draft Report of the Internal Working Group on RRBs

The Reserve Bank of India (RBI) today released the draft Report of the Internal Working Group on Regional Rural Banks (RRBs), which was constituted to examine various alternatives available within the existing legal framework for strengthening the RRBs and making them viable rural financing institutions.

The Group studied the recommendations made by various committees constituted in the past on the subject and made a comprehensive state-wise/ sponsor bank-wise review of the performance of the RRBs. The Group examined the Regional Rural Banks Act, 1976 for exploring the possibilities for restructuring of RRBs through merger/ consolidation, change of sponsor banks and offering sponsorship of RRBs to private sector banks. The Group has made recommendations relating to minimum capital requirements of the RRBs and suggested measures for better governance, suitable regulation and supervision of the RRBs.

The draft report of the Group is available on the Reserve Bank of India's website (www.rbi.org.in). Views may please be sent to cgmincrpcd@rbi.org.in or csmurthy@rbi.org.in or may be faxed to 022-2265 8276/022-2265 8273 by May 31, 2005.

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