

Regional Rural Banks (RRBs)

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Why in news?

The Union Finance Ministry unveiled a new logo for Regional Rural Banks (RRBs) to signify a single and unified brand identity.

- Regional Rural Banks (RRBs) are **government-owned commercial banks in India**.
- **Aim** - To provide **banking and credit facilities for agriculture and rural sectors**, combining the features of cooperatives with the professionalism of commercial banks.
- **Established in** - 1975 through an Ordinance issued on 26 September 1975, and subsequently under the **Regional Rural Banks Act of 1976**.
- **Recommended by** - The Narasimhan Committee on Rural Credit (1975).

The 1st RRB was Prathama Bank, in Moradabad, Uttar Pradesh sponsored by Syndicate Bank.

- **Ownership** - RRBs are sponsored by
 - **Central Government** - 50% of stakes
 - **State Government** - 15% of stakes
 - **Sponsor Bank** - 35% of stakes
- All public sector banks, **except Punjab & Sind Bank**, sponsor one or more RRBs.
- J&K Bank is the **only private sector bank** that sponsors an RRB.
- **Amalgamation** - It is a government-led consolidation to create stronger, more efficient banks under the "One State, One RRB" principle.
- **Phased Approach** - Started in 2005 (Phase I - sponsor bank within a state, Phase II - across sponsors) and continued with Phase III (merging weak RRBs) and Phase IV (2025 - final consolidation).
- Phase IV reduces their number from 196 to 28 to enhance technology, increase credit reach, and improve service through economies of scale for better rural financial inclusion.
- **Functions**
 - **Credit Provision** - Short-term and medium-term loans for agriculture and allied activities.
 - **Deposit Mobilisation** - Encourage savings among rural households.
 - **Developmental Role** - Support rural industries, trade, and self-employment schemes.

- **Priority Sector Lending** - Focus on weaker sections of society - **Overall PSL target is 75%** of their Adjusted Net Bank Credit (ANBC). mm
- **Financial Inclusion** - Expand banking services to unbanked villages.

To know more about RRBs, click [here](#)

- **Recent Developments - New Logo Design**- A single logo has been introduced to strengthen the identity and visibility of RRBs serving rural communities.
- **Symbolism of Colours** - The colours of the RRB logo have been chosen to convey the objectives of the RRBs.
 - **Dark Blue** - Finance and trust
 - **Green** - Life and growth
- Together, they reflect the mission of RRBs to promote financial inclusion and rural development.



References

1. [The Hindu | Finance Ministry unveils new logo for RRBs](#)
2. [Ministry of Finance | RRBs](#)
3. [TNAU Agritech | RRBs](#)