Regional Rural Banks (RRBs)

Prelims: *Current events of national and international importance | Economy*

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

SHANKAR IAS PARLIAMENT
Information is Empowering