



ALL INDIA RRB OFFICERS' FEDERATION

(AFFILIATED TO AIBOC)

Central Office: JGGP House, Raja Rammohan Roy Road, Hakimpara, Siliguri – 734001
Tel: 2525267, 6532022 Fax: 0353-2536449 General Secretary Cell Ph. # 9800866932
e-mail: shyamalkb5@yahoo.com Visit us at: www.airbof.org.in

Circular # 29:2014

14th April 2014

All Affiliates/ Members
(Please re-circulate)

REGIONAL RURAL BANKS – PLACEMENT OF GOVT./PUBLIC SECTOR INSTITUTIONS DEPOSIT

We reproduce hereunder the text of the letter written by the Federation on the captioned subject to the Secretary, Department of Financial Services, Govt. of India, Ministry of Finance for your information & necessary action.

QUOTE

We crave leave to bring to your notice that Regional Rural Banks are largest purveyors of Rural Credit and Agricultural Credit in our country. The participation of RRBs in Priority Sector advance is the highest. RRBs always take active role in participating in all types of Govt. directed steps like distribution of agricultural Pension, NREGS, Pension to different disadvantaged section of the society and student stipend etc.

The Manpower of the branches of RRBs gets involved in such activities. However, such activities hardly generate any revenue. Like all other Commercial Banks RRBs are also expected to earn profit. With such thin margin and heavy pressure on profitability due to huge provisioning of Govt. directed loans, these Banks find themselves in dire condition. The deposit of RRBs come mainly from household savings as Govt./Public Sector Funds are seldom kept with RRBs. Had the RRBs get access to institutional deposit their resources base could be strengthened and bottom line improved. RRBs having no office/representative in State Capital/Major Cities the connect of RRBs with Head Quarter of Govt. Dept. as well as Corporate Centre is very weak. They do not have access to mobilisation of funds.

We urge upon you to sincerely advise and implement instruction that major position of Govt. funds/ Public Sector deposits are kept with RRBs as a matter of routine.

Sir, we trust that your order and its implementation in regard to parking of funds with RRBs by Central/State Govt. and Public Sector institutions shall go a long way in strengthening RRBs and eventually give a boost to rural economy.

UNQUOTE

With greetings,


(S.K. Bhattacharjee)
GENERAL SECRETARY