



ALL INDIA RRB OFFICERS' FEDERATION

(AFFILIATED TO AIBOC)

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Circular # 32:2014

16th May 2014

All Affiliates/ Members
(Please re-circulate)

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

We wrote a letter to Secretary, Financial Services on the captioned subject on 14th April, 2014 and circulated the same vide circular no. 29:2014.

Secretary, Financial Services, Govt. of India wrote to All Chief Secretaries vide their letter dated 8th May, 2014 in line we suggested. The letter is enclosed.

This indicates AIRRBOF's importance to Govt. of India.

With greetings,

(S.K. Bhattacharjee)

GENERAL SECRETARY

डा. गुरदयाल सिंह संधु, मा.प्र.से.
सचिव

Dr. Gurdial Singh Sandhu, IAS
Secretary



भारत सरकार
वित्त मंत्रालय
वित्तीय सेवाएं विभाग
नई दिल्ली

Government of India
Ministry of Finance
Department of Financial Services
New Delhi

D.O. No.7/15/2012-RRB

8th May, 2014

Dear Shri Saharia,

As you are aware, the Regional Rural Banks (RRBs) established under the provisions of RRBs Act, 1976 with the objective of an alternative channel to cooperative credit structure, have played a crucial role in meeting the credit needs of rural areas and implementation of Financial Inclusion Scheme of the Government of India.

2. Regional Rural Banks established under the Regional Rural Bank Act, 1976 are owned by Government of India, State Government and the sponsor nationalized bank in the ratio of 50 : 15 : 35% respectively and as such are Government entities.

3. All the RRBs are listed in the 2nd Schedule which classifies "Scheduled Banks" under section 42 and 2 (e) of RBI Act, 1934 and are thus at par with the nationalized banks.

4. As on date, all RRBs are on CBS platform and participating in National Payment System (NPS) through RTGS and NEFT. The RRBs have played a very crucial role in implementation of Financial Inclusion plan of GoI and credit delivery, particularly to agriculture sector in rural areas. The State Governments, it is felt, have a greater role to play in the development of these banks keeping in view the significant role played by them in credit expansion, particularly in the agriculture sector, deposit mobilization and implementation of credit-linked development schemes in rural areas. Mobilization of low cost deposits thus will contribute to improving financials of RRBs and parking of State Government funds would be a great source of low cost funds for these institutions.

5. Since these institutions are State specific and are functioning in rural areas, they have limited source of low cost deposits and government funds will be a good source of low cost deposits.

6. In view of the above, I request that necessary instructions may be issued to ensure that Government and State Government funds are deposited with Regional Rural Banks. State Government is part owner of these Banks and this will go a long way in ensuring the long term viability of these Banks.

With regards,

Yours sincerely,


(Gurdial Singh Sandhu)

Shri J.S. Saharia
Chief Secretary
Government of Maharashtra
Mumbai

*Copy to: Chairman, Vidharbha Konkarn Granam Bank,
Head Office, Nagpur (Maharashtra)*

CMD, Bank of India, Head Office, Mumbai
