



All India RRB Officers' Federation (AFFILIATED TO AIBOC)

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All Affiliates/ Members
(Please re-circulate)

PRIORITY SECTOR LENDING TARGETS FOR RRBS – NEED FOR REVISITING

We have written the following letter to Shri A. Udgata, Chief General Manager in-charge, Financial Inclusion & Development Dept., Reserve Bank of India. We reproduce the letter for your information & necessary action.

QUOTE

You shall appreciate that all of a sudden Reserve Bank of India had increased Priority Lending Target from 60% to 75%. RRBs are trying by all means to improve their performance both logistically and financially and showing improved results. RRBs operate in a limited area and the Priority Sector Portfolio of RRBs comprise of lending to the poor and hitherto under privileged section of the society.

We understand that RBI also prescribed the same level of Priority Sector lending target for emerging small Finance Banks. However, Small Finance Banks shall have Pan India presence and do not have the handicap of RRBs to function in a restricted area and their Priority Sector lending shall be encompassing export import business.

RRBs are the best performers in all the districts in regard to lending to agriculture, SME and Govt. sponsored programme. The CD Ratio of RRBs remains the highest in the district. The interest spread of RRBs is very low and, therefore, RRBs are always at precarious position about their earnings.

In order to provide a level playing field for all the Banking Institutions like PSB, emerging Small Finance Banks etc. the Priority Lending Target should be pegged at 40%.

We look forward to your early decision in this regard.

UNQUOTE

With greetings,


(S.K. Bhattacharjee)
GENERAL SECRETARY