



**All India RRB Officers' Federation  
(AFFILIATED TO AIBOC)**

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All Affiliates/ Members  
(Please re-circulate)

**REVISED PSL NORMS FOR REGIONAL RURAL BANK**

We reproduce hereunder the text of the letter written by the Federation on the captioned subject to The Principal Chief General Manager, Reserve Bank of India, Financial Inclusion & Development Dept., for your information & necessary action.

**QUOTE**

We took notice of the revised PSL Norms set for RRBs released by your Dept. on 3<sup>rd</sup> November, 2015. Being the majority Trade Union of officers working in 56 RRBs we are fully committed to fulfill all the commitments and Targets set for RRBs. However, lot of discrimination had been made between Commercial Banks and RRBs in this regard.

The following are highlights of the discrimination metted out to RRBs. The Priority Sector Lending target for SCBs is 40% and for RRBs it was 60%. The Priority Sector Lending for RRBs has been increased from 60% to 75 % of Outstanding Credits. The enhancement in target shall affect the profitability of RRBs on following grounds.

1. The Interest rates on Priority Sector generally remains low and enhancement in coverage of Priority sector will reduce the Income from Advances.
2. When the Priority Sector Lending norms were 60%. RRBs were able to invest their resources in high yielding Non Priority Sector at about 14.5% r.i. after complying the statutory requirements. (CRR 4%, SLR 21.5% and Priority Sector 60%). But now after increased of Priority Sector Lending by about 15% they may not be able to do so and it will affect their profitability.
3. RRBs have been allowed to sell their excess Priority Sector to other Banks who fail short of Priority Sector targets. RRBs were selling their access Priority Sector portfolio at higher rate and earning profit. But now they may not be able to do so after enhancement of target from 60% to 75%.

You would appreciate that level playing field should be provided to RRBs to show better performance. No shackles should be put down on the wheels of RRBs to impede the progress.

We, therefore, request you to revisit the PSL Norms for RRBs to reorient the same in line with PSBs.

**UNQUOTE**

With greetings,

  
(S.K. Bhattacharjee)  
GENERAL SECRETARY