February 15, 2021

Chief Executives of all Regional Rural Banks

Dear Sir/madam,

Regional Rural Banks- Issue of Inter-Bank Participation Certificates

Kindly refer to para 19 (iii) of our Master Directions FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated September 4, 2020 on Priority Sector Lending which states that “RRBs are allowed to issue Inter Bank Participation Certificates (IBPCs) to Scheduled Commercial Banks in respect of their priority sector advances in excess of 75 per cent of their outstanding advances.”

2. In this regard, your attention is drawn to para 27 of the above directions which is also applicable to RRBs and states that “Banks having any shortfall in lending to priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other funds with NABARD/NHB/SIDBI/MUDRA Ltd., as decided by the Reserve Bank from time to time.”

3. In view of the above requirement of contributing to RIDF and other funds in the event of shortfall in lending against PSL target/sub-targets, it has been decided to remove the criteria of issuance of IBPC by RRBs in excess of 75% to bring them at par with that applicable to other commercial banks.

Yours sincerely

(K. Srinivasan)
General Manager