



Finance Industry Development Council

(A Representative Body of Assets and Loan Financing NBFCs)

101/103, Sunflower, 1st Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

Tel: 022 21029898/9820035553 • E-mail: directorgeneral@fidcindia.org.in



www.fidcindia.org.in

February 18, 2022

Shri Shaktikanta Das
Governor
Reserve Bank of India,
Central Office Building,
Shahid Bhagat Singh Marg, Fort,
Mumbai – 400 001

Respected Sir,

Sub: Inclusion of Rural Two-Wheeler financing under Priority Sector

Overview of the Priority Sector:

Priority Sector means those sectors which the Government of India and Reserve Bank of India consider as important for the development of the basic needs of the country and are to be given priority over other sectors. The banks are mandated to encourage the growth of such sectors with adequate and timely credit.

Basic philosophy of the priority sector guidelines:

- Provide credit to the weaker sections of the society.
- Lending to those sectors of the economy which may not otherwise receive timely and adequate credit.
- Removal of poverty and equitable distribution of income.





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Brief about Two Wheeler Industries for Rural Economy:

Indian 2 Wheeler Market unit sales stood at 21.2 million units in 2019 and would reach sale of 26.6 million units by 2025 displaying a low CAGR of 2.6% over the forecast period despite relatively low penetration in comparison to other developing countries; against 1000 people, only 102 people have 2 Wheelers (TW) in India but 166, 281 and 291 people own TW against 1000 people in Malaysia, Indonesia and Thailand respectively. Indian Rural market has a strong consumer base of approximately 74 crore people of which around 30% only possess TW in rural segment. With the Government's push for improvement in rural road infrastructure and improvement in last mile connectivity coupled with two-wheeler OEMs focusing on grabbing market share, the long-term growth prospects for two-wheeler industry looks bright in the rural sector. The major use of TW in rural economy is not limited to self-riding but it is used for carrying and delivering milk, vegetables, merchandise etc. **TWs are used as commercial asset used for delivery of goods such as food products, textiles and many articles of day to day use. Most MSMEs based in rural areas use TW.**

The dearth of timely finance at affordable pricing remains one of the critical parameters because of which still many of these rural consumers are not able to buy the Two Wheeler.





Benefits of Two Wheeler (TW):

- ***Reliability***

Limited supply of public transport in comparison to demand. There is huge need for having own mode of transport because people face high inconvenience in managing their critical logistics.

- ***Safety***

Travelling in public transport in a time like this is not safe and having a TW would let you carry out your daily routine while having peace of mind.

- ***Convenience***

TWs are more convenient mode of travel and it also saves time, even over short distances.

- ***Affordability***

TW is one of the affordable modes of transport because of low maintenance and better mileage.





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Plea:

Two-Wheelers play critical role in rural economy as it helps in improving the standard of living, convenient and safer movement at affordable pricing and helps in increasing the earnings also. Considering the value and usage, we request the respected authority to consider the financial assistance to purchase TW in Rural economy as priority sector lending, as this will enable lenders to provide timely funds at cheaper cost.

We earnestly urge upon you to consider our request.

We would be grateful if you could give us an opportunity to discuss with you the aforesaid matter through physical or virtual conference.

Thanking you,

Yours Faithfully,

For **FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR
DIRECTOR GENERAL
9820035553**

