

**Minutes of 123rd Meeting of
State Level Bankers' Committee
Held on 25.03.2006 at Central Bank of India
Zonal Office, Bhopal**

The 123rd meeting of SLBC was held on 25.03.2006 at the conference hall of Central Bank of India, Zonal Office, Bhopal to review the performance of banks for the period ended December 2005 under the Chairmanship of Shri K. Subbaraman, Executive Director, Central Bank of India. The list of participants is enclosed herewith.

Welcome Address By Convener

At the outset, on behalf of all the members of the Committee and on his own behalf as the Convener of the State Level Bankers' Committee for Madhya Pradesh, Shri R.P. Tripathi welcomed Shri K. Subbaraman, Executive Director, Central Bank of India, Shri Pradeep Bhargava, Principal Secretary, Rural Development, Shri Sumit Bose, Principal Secretary, Finance, Smt.I.M.Chahal, Principal Secretary Rural Industries, Shri O.P.Rawat, Principal Secretary Commerce & Industries, Shri R.K.Swai, Secretary Agriculture & Cooperative, Shri Praveen Garg, Commissioner, Institutional Finance, Dr. K.V. Rajan, Regional Director, Reserve Bank of India, Shri S. Bhattacharyya, CGM, State Bank of India and other senior officials from the State Government, Reserve Bank of India, NABARD and Banks.

While introducing Shri K. Subbaraman, Chairman of the Committee, who was attending this meeting for the first time after taking over charge as Executive Director, Central Bank of India. Shri Tripathi said that Shri Subbaraman prior to joining Central Bank of India, was working as General Manager Bank of India. The Committee will be richly benefited by his able guidance and leadership.

Speaking on the occasion he said that we are meeting at a time when many of the Districts in the State have been affected by untimely rain and hailstorm. Special meeting of DCCs have been convened in all affected districts for extending relief measures. The banks are all set to provide relief measures to the affected farmers within the framework of RBI guidelines.

He expressed happiness on the ongoing campaign for doubling the flow of credit to agriculture sector wherein banks in the State have recorded impressive performance and are close to achieving the target much ahead of the timeframe prescribed by the Government.

As regards low C:D Ratio in certain districts, he informed that out of 14 districts identified with low C:D ratio i.e. less than 40%, 11 districts have shown a dramatic improvement after the Committee set up by this forum who studied and suggested measures for improvement. The Committee is closely monitoring the progress of the remaining three districts which are also expected to show improvement in near future.

Towards concluding lines he asserted as the State Focus Paper finalized by NABARD for the fiscal year 2006-07 envisages an overall potential of Rs.11780 crores for Priority Sector under Potential Linked Plan of which Agriculture constitutes 69%, Non-Farm sector 8.5%, OPS 22% and Self Help Groups 0.5% with the hope that Annual Credit Plans of Districts will match these potentials.

Key Note Address By Chairman

Shri K. Subbaraman, Executive Director, Central Bank of India and Chairman of the Committee extended a warm and hearty welcome to all the dignitaries of state govt and NABARD, RBI and bankers to the 123rd meeting of State Level Bankers' Committee of Madhya Pradesh.

In his opening remarks he said that the Indian economy is on a roll. According to the estimate made by Central Statistical Organization of key economic data, the economy is expected to grow at an annual rate of 8.15% during the current financial year, as compared to 7.5% during 2004-05 and 8.5% in 2003-04. This means that it would be third year in succession when economy would lodge higher than 7.5% annual growth rate. Agriculture is expected to register a growth of 2.3% during the current fiscal year as against 0.7% witnessed during last year. The manufacturing sector is projected to grow at 9.4% in the current financial year as compared to 8.1% last year. The per capita income is likely to witness a growth of 5.9% over the level of last year. The economy has the potential to grow at a rate of

more than 8% and up to 10%, if only the agriculture sector can be enabled to grow at a rate of 4%.

Further Chairman said that the last quarterly review of Annual Policy by RBI indicates that bank credit has expanded significantly (23.3%) reflecting the strengthening of the economy. The credit to agriculture has been growing at over 39.1% on year to year basis since 2004-05. The credit to industrial sector has increased by 11.5%. Retail Sector is booming. FDI has picked up on sustained growth in industrial & service activity. The accelerated growth in credit is, however, not supported by corresponding growth of deposits of Commercial Banks. This has resulted into the incremental Credit-Deposit Ratio exceeding 100% and also created problems on the liquidity front, leading to an increase in the cost of resources. This has made RBI to increase the repo and reverse repo rates by 0.25% to 6.5% and 5.5% respectively.

The growth momentum is sought to be sustained through appropriate policy initiatives by the Central Government. Some of the initiatives articulated in the recent Union Budget presented by the Union Finance Minister are:

- (a) Increasing the corpus of the rural infrastructure development fund (RIDF) to Rs.10,000 crores
- (b) Reservation of 180 products for SSI Sector and restriction in credit guarantee fee for SSI units to bring down the over all cost of borrowing.
- (c) Reduction in short term credit rate for loans availed by farmers' upto Rs.1 lacs to 7% w.e.f. Kharif 2006 to enable greater credit of flow to farm sector, while providing relief in interest to the farmers who have availed crop loan for kharif & rabi 2005-06 to the extent of 2% on principal amount up to Rs.1,00,000.

Measures proposed to improve resources availability to Banks include:

- (a) Bank deposits of 5 years and above to qualify for inclusion under Section 80 (c) of the Income Tax Act.
- (b) Conversion of non-tradable special Government securities into tradable ones and according them SLR status will facilitate increased access for banks to additional resources for lending to productive sectors to meet the increasing credit needs of the economy.

- (c) Hike in exposure limit of FII investment in gilts will help augmenting liquidity and thereby help to keep interest rates under check.

A few other measures include:

- (a) Banks to increase the level of agriculture credit to Rs.175000 crore in 2006-07 and add another 50 lakh farmers to banks portfolio.
- (b) Banks have also been asked to open a separate window for SHGs or joint liability groups of tenant farmers and ensure that a certain proportion of total credit extended to them. Banks have to credit link an additional 385000 SHGs in 2006-07.
- (c) A separate committee on financial inclusion to bring more cultivators households within banking sector has also been announced.
- (d) Thrust has also been given to Education by asking banks to move more funds to this sector also.

All the above initiatives provide the required impetus for the Agriculture, SSI and Service sectors to grow.

In MP, the objective of fulfilling the doubling of agriculture in 3 years has been almost achieved by banks within 2 years i.e. the banks have disbursed Rs. 5533 crores by Jan 06 i.e 83% against target of Rs.6668 crores set for March 2007.

The CD ratio in M.P. is 72.97% which is much above the stipulated norm of 60%. The CD ratio of Semi urban + Rural branches is 77.81 % which indicate that the flow of credit to this part of the state has been very healthy.

Thorat committee has identified 14 districts where CD ratio was less than 40%. With the concerted efforts 11 districts have already crossed this mark, leaving only 3 districts below 40%. These 3 districts require constant monitoring and follow up to improve the CD Ratio. He requested the committee constituted for the purpose to review, monitor and submit action points for remedial measures to be adopted by all developmental agencies and banks in order to bring these districts above 40% level.

s35 lacs Kisan Credit cards have been issued out of 65 lacs odd farmers in MP. He urged banks to cover the remaining farmers under the portfolio of KCC as early as possible.

As at January, 2006, 18061 Self Help Groups constituting 64% groups have been financially assisted for economic activities out of 28372 groups passed second grading. The gaps between formation and linkage of SHGs under SGSY and slow implementation under SJSRY are a matter of concern.

A review of the performance of banking sector in Madhya Pradesh shows an increase of deposits by Rs.520 crores only whereas advances have grown by Rs.9495 crores over March 2005 of which the priority Sector advances account for an increase of Rs.4841 crores.

Agricultural advances have increased by Rs.2321 crores with a 18.03% increase over March 05.

SSI advances have registered an increase of Rs.229 crore from Rs.1857 crores as at March 05 to Rs.2086 crores showing a growth of 12.33%. However, there is a huge potential for growth of SSI in M.P. for which suitable infrastructure support is required to be developed.

Under the Annual credit Plan banks have disbursed Rs.4993.82 crores under Agriculture, Rs. 341.28 crores under SSI and Rs.1469.96 crores under OPS against a target of Rs.5940.63 crores, Rs.536.65 crores and Rs.1808.63 crores respectively. The percentage of achievement under Agriculture, SSI & OPS are 84%, 64% & 81% respectively.

20 Districts in the State have been identified for implementation of Horticulture Mission Scheme with the objective of increasing areas under horticulture cultivation and doubling the produce. The activities under the Mission are gaining momentum and concerted efforts on the part of Banks and State Government in this sphere will show desired results in the near future.

The advances to women beneficiaries constitute 5.90% of the total advances, which is very satisfactory.

The review of PMRY implementation for the P.Y. 04-05 reveals that banks have disbursed 23278 cases upto Dec 05 against a target of 28000 achieving thereby 83% disbursement. The recovery under the scheme is however not encouraging

and the NPA stands at 28%. By and large the NPA under all the Government sponsored programmes ranges between 20-40 %. It is necessary to give greater importance to selection of beneficiaries if improvement in recovery is to be effected.

Progress under all government sponsored schemes particularly under SGSY has been rather slow upto the end of Jan,06.

He was confident that all banks might have recorded improvement over this achievement by making disbursement in sanctioned cases as well as entertaining new cases by now.

Many districts of the state have been affected by untimely and repeated bouts of rain and hailstorm resulting in damage to the crops, animals and human life. Timely credit is needed to the affected farmers of 7544 villages in 41 districts, where farmers were facing hardships. State Government is requested to declare list of affected villages so that Banks can extent relief measures to the affected farmers immediately.

Bankers would take various steps in helping the farmers and other affected people as per the guidelines. This situation calls for concerted efforts on the part of the Banks as well as the State Government for reducing the hardships of the people.

Considering that M.P. is predominantly a State of Agro-based industries and in order to give a thrust to the growth of this sector, the State has identified 5 Agri Export Zones for export of Potato, Onion, Garlic, Wheat, Coriander, Fenugreek, Lentil, Gram and Orange.

The Annual credit plans are ready to be launched in all the districts from 01.04.2006, he therefore urged all the banks and government to implement the plan successfully.

He concluded his keynote address by acknowledging the harmonious relationship between Banks and the various agencies of the State Government, which has helped and enabled the successful implementation of the various developmental activities, has contemplated in credit.

Address by Shri Pradeep Bhargava, Principal Secretary, Rural Development

Speaking on the occasion he said that being government attach the highest importance to the SLBC he was satisfied with the improvement in the off take of credit to the state . The positive ness has improved remarkably in the field of SHGs financing. The achievement is very good upto February 2006 i.e 90% while it was 62% for the same period during 2004-05. Still there is a lot of scope for improvement.

Shri Sumeet Bose, Principal Secretary Finance said that we meet in this SLBC

at the backdrop of wide spread damage caused to crops through untimely heavy rain and hailstorm which has affected 41 out of 48 districts. In this meeting we will discuss relief measures to the farmers and in the coming season they will need major support from banks and government. The state of agriculture in M.P. is also causing worry, which is reflected in the M.P. Budget. Madhya Pradesh is dependent on agriculture as 33% of GDP comes from agriculture. M.P. is facing drought from 2001 and GDP has stuck somewhere up to the level of 1999-2000 and in 2004-05 agri growth was negative to the tune of 3%. These are quick estimate for 2004-05. Advance estimate for 05-06 are also alarming as it is declined. National agriculture is growing @1.5% and states like Bihar, Himachal Pradesh, West Bengal is doing much better i.e. 4.5%. . As such, we need to consider and to find why we are doing badly and whatsoever the credit flow ultimately does not show and reflect in agriculture. It is the time when we have to pool out some of the layer from the onion, doubling will not do whatever the offtake is. We have to think what sort of support and extension we are giving. Banks have to see the items really coming under agriculture in technical term but it may be bulk lending which banks donot show. These problems to be analysed by SLBC.

Indian Economy is on the roll and it is time we put MP to roll also.. The difference in the per capita income in MP in 93-94 and between all India average was 17% whereas in 04-05 this gap has widened to 50 %. This is a cause of concern and since this is the forum directly related to development of agriculture, we should keep this in mind particularly with reference to recent calamities but overall we have to give a deep thought to agriculture.

ITEM NO. 1 : CONFIRMATION OF MINUTES

The minutes of the 122nd meeting were confirmed with the following addition:

In the last meeting Zonal Manager, Bank of India had informed the house that they have started Star Swarajgar Prashikshan Samsthan on the lines of RUDSETI and about 30 young uneducated persons were trained for 30 days for tractor repairing. He also requested to all participating banks to take note of this and sponsor the persons applied under various Government Sponsored Schemes to this institute for training.

ITEM NO.2 : FOLLOW-UP ACTION ON DECISIONS OF EARLIER MEETING

1.1 Progress in doubling flow of agri credit upto Jan. 2006

Convener expressed satisfaction over the performance of the bank and hoped that banks will achieve the same by March 06. Despite this, some banks are constantly not performing upto the level since last 3-4 years. These banks are Bank of Rajasthan, Syndicate Bank, Corporation Bank, United Bank of India and subsidiaries of State Bank of India except State Bank of Bikaner & Jaipur and State Bank of Indore. These banks should prepare plan of action atleast for the year 2006-07 at this stage. If these banks would have performed well, we could be able to achieve the target by Jan,06 itself. Principal Secretary, Shri Bhargava said that RBI should take a note of non-achievement of target by these banks. Shri Rajan asked these banks as whether they were having any specific problem.

Shri Y. Ravindranath Manager, Syndicate Bank informed that their 5 out of 10 branches are situated in naxlite prone area of Balaghat district, therefore it is difficult to expand / deliver credit. Convener said that bank should accept the achievable target in the ACP 2006-07. Chairman said that it is essential for the banks to achieve the target given and if in some branches /district due to some reason are not able to achieve in particular pocket, it should be covered in some other pocket, so that banks as a whole target is achieved. If we have done well, we have to achieve best. Emphasis has been given to grow further in agriculture advances, it is required to identify new customer so that agriculture credit flow can take place. Finance Minister has already clarified that unless the agriculture growth is 4%, the GDP growth of 8% to 10% is difficult to achieve. So without giving reasons for non-achievement, approach should be how to achieve the targets.

1.1.2 Financing to New Farmers

Convener informed that the commercial banks have extended Rs.1625.14 crores to 189428 new farmers through 1625 rural and semi-urban branches, which comes to 117 new farmers per branch up to Jan 06. The RRBs could extend financial support of Rs.415.16 crores to 80134 new farmers. The Cooperative banks have disbursed 287.52 crores to 189430 fresh farmers.

The performance of cooperative banks for financing new farmers was not matching with outstanding of agriculture financing. The total achievement of cooperative banks was 72%, which was quite low, compared to RRB & commercial banks. Shri S.K.Gupta, Deputy General Manager, APEX Bank, on low performance of cooperative banks said that commercial banks are charging 3 to 4% less interest than cooperative banks. Shri R.K.Swai, Secretary Agriculture said that cooperative has 3 tyre structure. Many of the banks which are complying Sec.11 are forced to take money from Apex Bank at a higher rate and keeping some margin at each level, the money is passed to the PACs and ultimately to the borrowers, which comes to 12 to 14%. Therefore number of good farmers are diverted from cooperative to commercial banks. Cooperative banks are giving loans upto Rs. one lakh per borrower only while the limit is no criteria for commercial banks.

Shri Sumit Bose, Principal Secretary Finance said that though government is trying to improve the position of cooperatives but commercial banks should also help them.

Chairman said that cooperative banks should have proactive role on their part which enable them to achieve the target.

Convener asked Managing Director, cooperative banks to advise their district authorities to accept the achievable target giving reasons as stated above.

(Action – Apex Bank)

Secretary, Agriculture said that though the number of farmers financed by cooperative and commercial banks are same but the amount disbursed has gap of Rs.688 crores which reflects that commercial banks are disbursing more amount per farmers than cooperatives.

Principal Secretary Finance said that M.P. state is the first to sign MOU as per Vaidhyanathan Committee and we are doing our best and Rs.185 crores is provided in the budget.

M.D. Apex Bank said that in Sagar District the problem for financing to 1.5 lac farmers will come up again in the coming Kharif season. Like last year as cooperative banks are not having funds, the subject was discussed in DCC at Sagar. He requested to sort out the matter soon before commencing of Kharif season. Principal Secretary (Finance) assured to call a separate meeting of banks and concerned department in the matter.

(Action – Finance Deptt MP Govt.)

Convener informed that in the last sub-committee meeting it was decided to call information on maximum number of farmers financed by the branches so far data has been received only from Punjab National Bank and Central Bank of India. He requested all other banks to submit the same.

(Action- All Banks)

1.1.3 New Investment Projects Financed

Total number of New Investment project financed were 12777 of which 10057 by Commercial Banks. Poor performing banks were Bank of Maharashtra (32), Oriental Bank of Commerce (0), State Bank of Indore (201), Allahabad Bank (42), Bank of Rajasthan & UCO Bank is (0). More or less these banks were poor in all sector for doubling of agriculture which they should improve atleast next year.

1.1.4 Financing to Agri Clinic / Agri Business

This year 34 agri graduates as compared to 3 during last year have been financed by banks for setting up agri clinic / agri business. However as per the guidelines banks have to finance 10 graduates / districts.

Convener said that sufficient number of graduates are not available. Secretary agri was also of the same opinion and said that this is the area of concern. They are more interested in jobs. 300 graduates have been trained till date, but they are not interested in setting up units. This year Department is preparing a scheme, which will be reviewed district wise under the chairmanship of APC. Target has been given to some districts and the agriculture department was hopeful of improvement.

Government is proposing to open ACBC in Mandis by other than Agril graduates also.

The issue of charging more interest rate was reported by agri graduates as mentioned in the study report of NABARD is not tenable as the banks are lending at the same rate to them through out India and progress in some states is very good.

Principal Secretary Rural Development suggested that it should be a part of curriculum and orientation programme should be organized by banks and department.

Chairman said that possibilities should be explored of identifying village youths and giving them one year training as candidates having village background will be more suitable and they will be more interested in setting up units rather than graduates.

Shri Bhattacharya, CGM, State Bank of India supported the suggestion of Chairman and said that real progress is possible only by adopting strategies as suggested above because agri graduates are more interested in salaried jobs in banks & corporate sector and they do not want to live in villages. State Bank of India has interviewed the 5 trained graduates for giving them loans but graduates were interested in becoming field officers / farm supervisors.

Secretary Agriculture said that looking to the all-practical difficulties loan facility can be extended only to persons having sufficient education in the subject and be trained.

Shri Siddesh, General Manager, NABARD referred to the quick study conducted by NABARD on the subject in 3 districts namely Rajgarh, Shajapur and Ujjain districts with a view to study the sustainability and viability of the units that have come up. The major issue, which was pointed out in the study, was insisting for collateral security for sanctioning of loans.

Shri Bhattacharya CGM , State Bank of India and Convener said that all the Branch Managers are having circulars with detailed guidelines as such this may not be true and borrowers under study might be defending for some other reason.

Commissioner Institutional Finance said that sometimes Branch Managers are not following the guidelines in other government schemes also asking for collateral, which is not required. Convener asked NABARD to pass on the information of the particular person concern to the bank to know the factual position.

(Action – NABARD)

Principal Secretary, Rural Development said that Self Help Groups should also be covered under the scheme.

General Manager NABARD clarified that the scheme is extended to non-agri graduates also if it is a partnership firm but one of the member must be a agri graduate.

1.1.5 Kisan Credit Card

417323 Kisan Credit Cards have been issued till the end of Jan 06. Convener asked the agriculture department to supply list of total number of farmers in particular block and position of card issued / non issued to them as there is wide gap between number of farmers and card issued.

Shri Praveen Garg, Commissioner, Institutional Finance said that the scheme is supposed to cover all the farmers by March 2004 but still 50% farmers i.e. 30 lakh farmers out of 65 lakh total farmers are not covered under the fold of KCC so some strategy should be formed to cover all the balance farmers for which district wise data is required.

Convener said that if we see the data for issuance of KCC by commercial and cooperative banks, it will be cleared that commercial banks have taken over cooperative banks in respect to short term loan. If the cooperative banks been grown by the same pace, all the farmers would have been covered.

Commercial banks are already financing atleast 100 average cards per year from last 3-4 years. The reach of commercial banks is also not at every corner of the district and is also having inadequate staff strength.

Shri Garg, DIF said that cooperative banks are having weak structure therefore commercial banks should cooperate.

Chairman said that looking to all these problems, Commercial Banks have to finance maximum farmers wherever they are. Shri Rajan, Regional Director, Reserve Bank of India said that areas have to be identified which are actually not covered and Director agriculture can provide this data so that a meeting can be convened for preparing a plan.

Secretary Agriculture said that a meeting should be convened of Director (Agri) and bankers to have a stock of the position of issuance of cards and working out the gap and also to chalk out the strategy. **(Action – Agriculture Deptt.)**

Secretary Agriculture informed that cooperative will cover 2 lacs more farmers during 2006-07.

Shri Praveen Garg, Commissioner Institutional Finance said that KCC is the key which apex all the programme like new farmers covered, new investment project etc. so it should be discussed at block level meetings also to find out the gap and the instructions should go from higher authorities.

(Action – Convener BLBC)

Shri Siddesh, General Manager, NABARD supplementing the discussion said that Union Minister of State for Agriculture has convened a meeting of RBI, NABARD and banks officials at Delhi to take progress in KCC in Ratlam and Jhabua district and directed that a special DLCC has to be convened at 10th and 12th at Jhabua and Ratlam for 100% coverage of KCC during 2006-07.

SLBC may also give instructions to other DCCs also so that this agenda could be given top priority and all the eligible farmers should be covered by the end of 2006-07 since we are lagging behind by 2 years.

Shri Tripathi, Convener said that banks can reduce the gap but it is not possible to cover remaining 50% farmers within one year by financing nearly 1000 farmers / branch in a year.

Supporting the views expressed by Convener Shri Garg Commissioner Institutional Finance said that instead of making circulars, we need to have the identification of blocks, areas and chalk out a proper strategy by having block wise data to have substantial improvement in the area of KCC. Thus by improving KCC, all aspects of

agri sector can be improved. He said that commercial banks should increase the outreach and the staff as business is increasing.

Chairman said that realistic targets should be fixed which could be achieved with the framework.

Principal Secretary RD promises to provide data of farmers based on 2002-03 survey. Convener said that based on the report of number of farmers & KCC issued SLBC will review & monitor the progress in 10 districts having low performance.

After the discussion at length it was decided that on the pattern of CD ratio, collectors will be advised to convene meeting and find out block wise gaps in issuance of KCC and then form strategies.

(Action – DIF)

Action Point 2 : Participation of Private Banks/Banks on various fora

Shri Rajan, Regional Director, RBI informed that a meeting was convened by RBI on 12.3.06 and private banks were asked to submit details wherein banks have expressed certain difficulty due to core banking as their entire data is centralised but they are coming out for solution and are directly communicating with SLBC and RBI will monitor the same.

Action Point 3 : Issues Related to Exemption/Relaxation of Stamp Duty

Relaxation of Stamp Duty in case of SHGs has been announced in the recent budget.

Noting of charge on land in Govt. records

Convener again brought to the notice of DIF that despite of issuing instructions from their office to Collectors noting of agri land in revenue record is not being noted while at some districts revenue officer refused to do so, as such, double financing is done on one piece of land. Banks are facing this problem in Bhind, Balaghat, Shajapur, Harda, Vidisha and other districts also.

Principal Secretary Finance said that fund has already been provided for computerization to the concerned deptt and this problem will be sorted out very soon.

(Action - DIF)

Action Point 4 : Evaluation Study on PMRY

Convener informed that MPCON has already completed the survey work for evaluation study under PMRY and will submit report this month as such report will be placed before house in the next SLBC.

Action Point 5 : Draught Relief Measures – Payment of Input Subsidy for Kharif 2001 & Kharif 2002

Regarding payment of input subsidy for Kharif 2001 and Kharif 2002 Principal Secretary Finance assured to sort out the issue within one month as their deptt. is chasing before the revenue department and energy department.

Action Point 6 : Recovery of dues from State Government / Undertakings

With regard to recovery of dues from State Government Undertaking, Shri Garg (Secretary) Finance said that soon they will convene a meeting and sort out the problem.

(Action - DIF)

Action Point 9 : Credit facility to Handloom/Handicraft workers

Convener informed that even after sending list of pending cases under SCC to be issued to artisan except two banks no bank has replied. He requested all the banks to submit progress on the pending cases of their bank.

Principal Secretary Rural Industries said that the information of bank wise and district wise pending cases were collected with great difficulty as such they requested SLBC to share disbursement position with banks. The achievement against the target for SCC issued upto Dec, 05 is also very less and whatever cards are issued covers a large band and are not disregarded as these belong to SCC or ACC. She wanted to have action taken report by the banks on the list of cases supplied by the department. She clarified that banks should not feel nervous for recovery as their department have a system whereby the opportunities are given by the state govt. for marketing to the beneficiaries and the amount they are getting can easily be repaid to the banks. Banks & government can therefore create a win-win position.

This sector is a large & growing sector and now WTO restrictions are removed on textile trade globally, therefore we have to give push to this sector.

Chairman suggested to segregate the data collected into issuance of Artisan Credit Card and Swarojgar Credit Card. For ensuring good recovery, a part of payment may be deducted by the department for payment of bank dues. This will facilitate both bank and department as banks will get recovery and beneficiaries will get fund quickly. He requested banks to respond to the letters issued by SLBC and ensure disposal of pending applications as it would contribute to the development of artisan, handloom and handicraft and help to deploy more credit to this sector. Convener informed that these advances are covered under Credit Guarantee Fund and certain amount of fee will be borne by government also as such banks are fully secured.

Convener also requested all banks to respond to the letters written by SLBC to all concerned banks so that data can be placed before the house. He said that pockets of this sector are less and requirement of fund is also limited. He assured Principal Secretary Rural Industries that banks will certainly achieve the target.

(Action - All Banks)

ITEM NO. 3 : PERFORMANCE OF BANKING SECTOR IN M.P.

3.1 Branch expansion

The total number of branches operating in the State was 4689 as on Dec 05. During the quarter, 5 branches of State Bank of India 2 branches each of Syndicate Bank & Indus Ind Bank Ltd. 1 branch each of Oriental Bank of Commerce, State Bank of Bikaner & Jaipur and HDFC were increased while 5 branches of Nimar RRB, 3 branches each of Bundelkhand RRB and State Bank of Indore and 1 branch of Union Bank of India were closed from Mar,05

3.2 Deposit growth

The aggregate deposits of the banks in Madhya Pradesh increased only by Rs.520 crores i.e. from Rs.57559 crores as at March 05 to Rs.58079 crores at Dec 05 thus recording a growth of 0.90%

3.3 Credit Expansion

The gross credit in the State increased by 9495 crores i.e. from Rs.32888 crores as at March 05 to Rs.42383 crores at Dec 05 thus exhibiting a growth of 28.87%.

3.4 Credit Deposit Ratio

During the period under review overall CD Ratio of banks for the State of Madhya Pradesh witnessed an increase of 15.83% i.e. from 57.14% as at March 05 to 72.97% as at Dec 05.

3.5 Priority Sector Advances

During the period under review the Priority Sector Advances of Banks in Madhya Pradesh grew by Rs.4841 crores i.e. from Rs.20139 crores as at March 05 to Rs.24980 crores as at Dec 05, thus recording a growth of 24.03%.

3.6 Agriculture advances

The Agriculture Advances in the State during the review period has witnessed an increase of Rs.2321 crore i.e. from Rs.12870 crores as at March 05 to Rs.15191 crore as at Dec 05 thus showing a growth of 18.03%

3.7 SSI Advances

The advances to SSI sector during the period under review has witnessed an increase of Rs.229 crores i.e. from Rs.1857 crores as at March 05 to Rs.2086 crore as at Dec 05 thus showing a growth of 12.33%.

3.8 Advances to weaker section

During the period under review the advances to weaker section increased by Rs.574 crores i.e. from Rs.3678 crores as at March 05 to Rs.4252 crores as at Dec 05 thus showing a growth of 15.60%.

3.9 Branch expansion

Principal Secretary (RD) said that most of the villages are now have all weather connectivity road as such banks may appoint some consultant to reassess the requirement of opening of new branches.

Shri Rajan, Regional Director, RBI replied that actually the branch licensing scheme has been revised / liberalised reformed and totally regulated and any bank can go for opening the branch. Rules are now been liberalised. Since banks now can shift / relocate branches within the Block after reassessment as regards to viability.

Shri Bose, Principal Secretary, finance said that currently 74 tehsils do not have sub-treasury and some tehsils do not have banks. A meeting was convened for this purpose but no response from banks have come for opening branches at these unbanked areas. As such he has requested the banks to follow-up the matter for opening of branches in these areas. Chairman suggested banks to see whether these areas can be covered by relocating/shifting the branch.

ITEM NO. 4: RECOVERY

4.1 NPA POSITION

Convenor said that banks have to write off some accounts after 3 years of becoming NPA in SSI and govt sponsored schemes, where securities are generally not available which is mainly due to selection of wrong beneficiaries

Shri O.P. Rawat, Commissioner, Commerce & Industries said that we have identified problem areas in SSI, Commission undertook a research, which shows that SSI is failing in R&D, technology, provision of management services etc. Similarly, the result of evaluation study of PMRY can be shared with their deptt. so that remedial measures can be taken up for reducing NPA . He further said that in Rewa, during survey it came to notice that 120 borrowers are absconding and the matter was handed over to police. Hence, we should get down the objective, analysis of the problems and take corrective measures.

4.2 Year Wise Position of Write Off Accounts

As per the data available, co-operative banks have not shown amount under write off while all other banks have written off 1239 crores during last 5 years.

4.3 Implementation of MP Public Money Recovery Act /BRISC Scheme

Shri Praveen Garg, Commissioner Institutional Finance said that last year, banks did very well and achieved 80% target but banks have not submitted details of RRC filed in floppy for computerization work. In the previous years

RRCs were filed but not registered in Tehsil record so soft-ware was developed for purpose of updating the records but data entry is not made which will ease the work of monitoring and show which district / tehsil are not recovering if RRC is filed. This is an area of concern. He requested all banks to co-operate so that substantial improvement in banks dues will take place and write off amount will drastically come down. Bank will prepare CD and give to the collector. Only Bhind and Morena has almost completed their job. For this purpose services of outside agencies can be hired.

SBI has started the work and gave to some outside agency In Chhatarpur, but agency has left the job. In Panna some outside agency is doing the job. In Katni, Umaria and Harda it has not yet started.

Commissioner, Institutional Finance said that from the year 2006-07 DM/LDM will not get incentive if they do not complete the work in time as per the calander prepared by the deptt. which is a tool to monitor.

Shri Bhattacharya, CGM, SBI said that one time data can be given to collector and updatation can be done afterwards but data base alone is not the solution.

ITEM NO. 5 : IMPLEMENTATION OF ANNUAL CREDIT PLAN 2005-2006

Convener informed that Overall performance is satisfactory and by end of this year the banks will surpass the target. The reason for poor progress under SSI is lack of entrepreneurship and infrastructure otherwise banks are ready for lending. However, the negative trend has been reversed to positive growth by 5 to 7 %.

Doubling of Flow of Credit to SMEs in 5 Years

Finance to SME Sector :

SME data is first time included in agenda item and the progress shown under the sector is megre. The matter of slow progress was discussed in IBA chapter on SME with RBI & Govt. He requested state Govt. to take up the matter with central Govt. for declaring agro-based industries- where investment in plant and machinery up to 5 crore under SSI. We will continue to monitor it as banks have to double the SME finance within 5 years.

ITEM NO.6: IMPLEMENTATION OF GOVERNMENT SPONSORED PROGRAMMES

6.1 Prime Minister's Rojgar Yojana - P.Y 2004-2005

The progress under PMRY-2004-05 is declined to 83% from 93% in the year 2003-04. Commissioner, Industry & Commerce said that almost all have done well. The performance of Central Bank of India was 95%, State Bank of India 93% and Bank of India was 91%.

6.2 Performance under SGSY 2005-06

Under SGSY, the upto date performance was 90%, which is most satisfactory.

6.3 Swarna Jayanti Shahari Rojgar Yojana (SJSRY)

Shri R.C.Joshi, Joint Director Urban Welfare informed that Under SJSRY USEP certain banks like Bank of Rajasthan, Federal Bank, Jammu & Kashmir Bank, Vysya Bank, S.B.Travancore and S.B.Mysore have not sanctioned a single loan case while Indian Overseas Bank, Syndicate Bank, Andhra Bank, Canara Bank, Corporation Bank, Dena Bank, Punjab & Sindh Bank, Union Bank of India and Uco Bank have Zero progress under DWCUA.

6.4 (A) Scheme for Liberation and Rehabilitation of Scavengers (SLRS)

(B) Antyavayasayee Swarojgar Yojana

Convener said there is wide gap between the information given by the deptt. and the banks. The deptt. is not submitting progress under dual signature of LDM and district authorities. Principal Secretary (RD) informed that survey for identification of beneficiaries under SLRs was done in 90's and after that no survey was carried out. The difference may be due to new generation or the grew up children have been added on. Shri Garg, Commissioner, Institutional Finance said that this is not the fault of only sponsoring agency but the Branch Managers are also taking the cases without giving receipt and keep these cases pending without any action. The sponsoring agencies are sponsoring the cases out of rejected cases also. Banks should treat this scheme not as forced upon them but as a social responsibility measure as these schemes are beneficial to the weaker section of the society. Principal Secretary (RD) opined that Commissioner of the corporation dealing with the scheme should be called for sorting out the matter as these schemes are of highest importance because it is the commitment of Prime Minister to solve the

problems of scavengers so by this time there should not be single scavenger left for financial assistance.

Since no member from concerned deptt. was present in the meeting, further discussion could not take place. **(Action - MPSCFDC)**

ITEM NO.7 : IMPLEMENTATION OF SPECIAL FOCUS PROGRAMME

7.1 Self Help Groups (Under NABARD Scheme)

Convener said that there is huge gap between the account opened and credit linked. The recovery is better in this programme. Chairman suggested that all the scheme should be brought under the concept of SHG because mere pressure of the groups boost up the recovery.

Mrs. Kanchan Jain, MD, Mahila Vitta Evam Vikas Nigam conveyed thank to SLBC for taking agenda of SHG in detail in this meeting and said that this will go a long way for implementation. She requested convener to include bankwise, sectorwise target given for SHG financing so that it will help their deptt. to cross check and monitor the progress from their side. She said that deptt. is going to start project in 6 districts namely Balaghat, Mandla, Dindori, Takamgarh, Chhatarpur & Panna funded by IADF wherein the bank's assistance will be to the tune of Rs.84 crores during a period of 8 years i.e. Rs.10 crore per year which bank should ensure to fund for SHGs.

Convenor assured of providing the targets bankwise, districtwise after the finalisation of state credit plan which will be ready by next SLBC.

(Action - SLBC)

Shri Bhattacharya, CGM, SBI said that group financing can be picked up but so long the subsidy is linked with SHG ,90% of the groups will not function not because of the group members but because of the Bicholias (middleman).

Convener said that the groups without subsidy are functioning very well.

Principal Secretary (RD) said that as per communication received from Ministry of Rural Development, the target for credit mobilisation is 168 crores. The target may also be increased if SLBC agrees, since the achievement under SGSY was Rs.163.18 crores upto the end of Feb.06, he proposed the need for increase in

target of SGSY(SHG) finance by 20% i.e. to Rs.200 crores for the year 2006-07. Convenor requested all banks to ensure 25% increase in target under SGSY(SHG) for 2006-07.

Shri Siddesh,GM, NABARD opined that no doubt SHG linkage is a very good programme and banks have to bring additional 3.85 lacs groups in the country of which MP will have its own target. MP has been identified as a state where this programme is on a very low key. The main reason for lacking in Credit linkage is lack of quality groups. In every forum formation of nearly 4 lac groups, which is next to, A.P. is to be discussed with various departments which are involved in promotion of groups like Jila Panchayat, Mahila Bal Vikas, Rajiv Gandhi Water shed Mission, Padhana Badhna mission and some NGOs also but out of these only 30 to 40 thousand groups are credit linked.

NABARD during discussions with field functionaries found that these groups are not functioning on the principle of Self Help Groups i.e. members coming and sit together, holding meetings regularly, internal lending and loaning among the groups. He suggested that strategy should be for improvement in the quality of existing groups and for consolidation of groups/ not for formation of new groups. Formed groups should be made functional so that 20% target will automatically be achieved.

In this context he sighted the example of Ratlam district wherein with the joint efforts of District Administration and NABARD, credit linkage programme has been initiated without distinguishing between NABARD groups and other group so long as the group is functioning on certain principles. A high level committee has been formed at district level in the Ratlam district and secretarial support and financial support was given by Zila Panchayat. 210 facilitators were appointed on contract basis by Zila Panchayat in 6 blocks i.e. 35 facilitators/blocks of which 85 from NGOs, 20 from Gurujis of education deptt. and rest from Anganwadi workers. All these facilitators were trained by NABARD for the various functioning rights from group formation to credit linkage. Each facilitator has to adopt five SHG. The same can be replicated in all the districts. He congratulated State Bank of India for giving excellent support in SHG programme. Principal Secretary (RD) adding to this, said that Rural Development deptt. has 2 projects in Ratlam district on livelihood, One is

District Poverty initiative programme(DPIP) and other is Rural Livelyhood Programme. DPIP is going on for last 4 years in 14 districts and these SHGs are called common interest group (CIG), which are doing better than SGSY SHGs, so by learning from these programmes, deptt. is replicating in other districts. Ratlam district is a case in point where in animators have been involved for upgrading and activating the Self Help groups, so this model will be replicated all over the state and he hoped that this will result in better quality SHGs and doing away with non performers. With the quality SHG, Credit amount should also increase so that utilisation of more fund can be made. He proposed to award good performers in SHG field.

7.2 KVIC Margin Money Scheme

Shri Meena, State Director KVIC said that 592 cases of 10 crores are lying pending with different bank branches and since the quality of the cases are good, banks may sanction pending cases before 31st March 06 to complete the 50% target remained to be achieved. The less progress is due to non-release of margin money by KVIB also.

Shri A.K. Dhamaniya, Senior Manager KVIB said that against the target of 583 cases, Board has sponsored 870 cases to banks upto Feb.06 of which only 126 cases were sanctioned by banks. Convener asked him to send the list in advance so that these cases can be cleared within time limit. However he can submit the list of pending cases so that matter can be taken up with different bank branches though it is very late and only 7 days are left for closing. Convener advised to submit the position well in advance in future.

For smooth implementation of REGP, the SCBs have been allotted between KVIC & KVIB for the year 2006-07. Accordingly the allocation is as under :

Allotted to KVIC	Allotted to KVIB
Central Bank of India	Punjab National Bank
State Bank of India	Union Bank of India
Oriental Bank of Commerce	UCO Bank
Canara Bank	Allahabad Bank
Dena Bank	Bank of India
Bank of Baroda	State Bank of Indore

Bank of Maharashtra	Andhra Bank
Punjab & Sindh Bank	State Bank of Travancore
Indian Overseas Bank	State Bank of Bikaner & Jaipur
Syndicate Bank	Corporation Bank
United Bank of India	State Bank of Hyderabad
Vijaya Bank	State Bank of Saurashtra
State Bank of Mysore	State Bank of Patiala

KVIC Margin money (REGP): pending Margin money claims pertaining to the period prior to 2004-05

532 cases are pending for release of Margin Money of Rs.5.15 crores since 2000-01 to 2004-05 of which 142 cases pertain to KVIC which have been referred by the Directorate of REGP and 390 cases pertain to KVIB .

It has been decided that joint physical inspection will be started in the second week of April 2006 , as the Branch Managers are busy in financial year closing of March in first week of April 06 and will not be available for physical verification.

7.3 Housing Finance

(a)Direct Housing Finance

Banks have achieved the target of 3% of total advances under Housing scheme by disbursing Rs.866.83 crores out of total advances of 27156 crores.

(b) Golden Jubilee Rural Housing Finance Scheme(GJRHFS)

Shri Lalit Kumar, Asstt.General Manager National Housing Bank said that the progress under GJRHFS is poor because of non availability of title and security . In Uttar Pradesh Govt. has amended the agri. Act(copy enclosed) and in aabadi areas the loan given for rural housing is covered under agri. Lending and loans upto 5 lacs has been exempted and the financing made under this scheme is brought under UP land revenue act . So he requested State Govt. to consider these three aspects so that loaning under the scheme may be increased.

Convener said that in M.P., Agri. activities are exempted from stamp duty upto Rs.10 lacs and recovery of housing is covered under MP Lokdhan Shodhya Rasion Ki Vasuli Act. as such, only one amendment i.e. treating rural housing finance under agri. Advances is required. He requested State Govt. to consider the same.

(Action - DIF)

Shri Lalit Kumar, Asstt. General Manager National Housing Bank further said that today all the banking institutions are facing the liquidity crunch as a result there is a possibility of hike in interest rate .In the event of hike in interest rate, this sector can be ignored in future. So he suggested that State Govt. should reduce the stamp duty on the instrument of secularization, so that mortgage can be fully secuterised and can be sold as security in the market.

7.5 Financial assistance to Minority Communities

Data on Minority communities in identified district i.e., Bhopal

The progress under credit to minority community found satisfactory as Rs.121 crores has been disbursed during the 2005-06 to 13651 beneficiaries in the state..

7.6 Financial Assistance to Schedule Caste /Schedule Tribe

As per data available, advance given to schedule caste & schedule Tribe beneficiaries are Rs.247.83 and Rs.134.23 crores respectively as at the end of Dec.05.

7.8 Education Loan

Banks have disbursed Rs.91.65 crores to 7598 crores under Education loan.

7.9 Loans to Ex-servicemen (SEMFEX)

Convenor informed that the data pertains to loans given to Ex. Servicemen under SEMFEX scheme which has been introduced first time in SLBC data and requested all banks to fill the same in the given column so that meaningful discussion can take place in meeting. This time only two banks have provided the data.

मद सं.-08 राजभाषा नीति का कार्यान्वयन

मध्यप्रदेश में 59 बैंकों में से केवल 41 बैंकों ने राजभाषा नीति के कार्यान्वयन संबंधित तिमाही आंकड़े भेजे। श्री त्रिपाठी, संयोजक ने सदस्यों से अनुरोध किया कि वे एस.एल.बी.सी. के प्रारूप में अपेक्षित आंकड़े समय से भेजना सुनिश्चित करें ।

(कारवाई – समस्त बैंक)

ITEM NO. 9: OTHER ISSUES**i. Water Harvesting Scheme for SC/ST farmers**

Convener informed that though the scheme is under implementation since last one year but progress is not good and there is no mechanism for monitoring of progress under the scheme. NABARD is only providing subsidy in the scheme. Agri.deptt. has been requested to sponsor sufficient number of application to banks.

Principal Secretary(RD) also requested NABARD to be in touch with their deptt. as they want to outline the scheme.

ii. Credit Linked Capital Subsidy Scheme for technology upgradation of SSI units (CLCSS)

Shri Siddesh GM NABARD informed that NABARD is the nodal agency for disbursement of subsidy to CBs, RRBs and Co-op. Banks but there is no taker till date.

iii. Requisition of staff for election duty –

Shri Praveen Garg, Commissioner, Institutional Finance informed that as per the standing circular of election commissioner and Chief electro officer of MP, there should be no requisition from banks staff as far as possible and generally banks are required for counting work only.

iv. Obtaining Non-food License from Municipal Corporation for carrying Banking Business

Shri Rajan, RD, RBI requested PNB and other banks if they have received notice from Municipal Corporation may refer the matter to Reserve Bank of India and DIF so that they can take up the matter with Govt. of India.

v. Untimely rain in the state- Relief Measures

DIF delivered the list of no. of affected villages and districts to the all members of SLBC in the meeting itself and requested all banks to provide the relief measures to all affected farmers as per Reserve Bank guidelines by restructuring, rescheduling and giving fresh loan. Shri Sumit Bose, Principal Secretary (Finance) requested all banks to provide relief to the farmers in the affected villages without waiting for the minutes of the meeting.

(Action---All Banks)

Shri Siddesh, GM, NABARD said that crop insurance should be made applicable in this case and enquired about the position of crop insurance to these affected farmers. Shri-Swai, Secretary,,Agriculture. cleared that since the entire tehsils are not affected, farmers will not get crop insurance as the scheme does not cover the individual losses but the proposal has already been sent to Govt.of India for treating the unit as patwari halka in place of Tehsil from the next season i.e. Kharif 06, patwari halka will be treated as unit for calculating threshold yield

The meeting ended with vote of thanks proposed by Shri J.N.Patil, Dy. General Manager, Bank of India, Zonal Office, Bhopal.