

**Minutes of 124th Meeting of
State Level Bankers' Committee
Held on 26.06.2006 at Central Bank of India
Zonal Office, Bhopal**

The 124th meeting of SLBC was held on 26.06.2006 at the conference hall of Central Bank of India, Zonal Office, Bhopal to review the performance of banks for the period ended March 2006 under the Chairmanship of Shri R.K. Kalia, General Manager, 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 R.K.Kalia, General Manager, Central Bank of India, Shri Sumit Bose, Principal Secretary, Finance, Shri Praveen Garg, Commissioner, Institutional Finance, Dr. K.V. Rajan, Regional Director, Reserve Bank of India, Shri S. Bhattacharya, CGM, State Bank of India and other senior officials from the State Government, Reserve Bank of India, NABARD and Banks.

Speaking on the occasion ,he said that after surpassing the target of doubling of agriculture in 2 years instead of three years, our motto will be doubling of SME finance in 5 years and as such this SLBC is focussed on SME

During this quarter, though percentage submission of SLBC data was very good but timely submission and accuracy was also required to avoid last minute rush. He informed that in order to improve quality of data, a workshop of the officers looking after preparation of SLBC data would be arranged in the month of July 2006.

Keynote address by Chairman

Shri R.K. Kalia, General Manager, Central Bank Of India and Chairman of the meeting informed that our Managing Director and Chairperson had desired to come for this meeting but could not make up due to two days parliamentary committee's visit to our Central Office to review the performance of our bank. However, Shri Kalia informed that CMD had assured to attend the next SLBC meeting to be scheduled in September 2006.

He extended hearty welcome to all the dignitaries of State Government, banks, NABARD and RBI. In his opening remarks he highlighted the following:-

1. Madhya Pradesh has become one of the top 10 states in the country like Maharashtra, Gujrat, Andhra Pradesh, Himachal Pradesh Rajasthan, Haryana in terms of Capital investment with 72% implementation of industrial projects. MP has its advantage of having plenty of high class mines besides having diamond mines.
2. A power generation plant of 6600 mega watt at Sidhi and proposal of a methane gas power plant by Reliance at Shahdol will also prove a milestone in this direction for Madhya Pradesh.
3. Handicrafts of M.P. are also of very good quality and are getting name in various trade fairs. As per reports, these handicrafts will be displayed in the international fair – **Interior Life Style 2006** in **Japan** wherein a separate platform has been set up to display handicrafts of M.P. It is one of the honour MP will get.
4. In the direction of improving the position of cooperative movement, State Government have decided to give Rs.20 crore to the District Cooperative Bank of Sagar to overcome its crisis so that the ban imposed by RBI would be lifted.

He was confident that with various salient features like friendly attitude, prosperous economic scenario, low cost of land and labour resources, peaceful industrial environment, constant supply of power to industries and central location in the country will help the state in becoming a prime industrial hub in the country.

He said that though this year late monsoon has raised a concern about an adverse impact on agricultural production, overall price situation and the GDP, we all pray that though it is late but it should not be deficient.

Referring to the performance of banking sector in M.P. he said that: -

-It is a great pleasure that Banks could disburse Rs.6954 crores by March, 06 against the annual target of Rs.5940 crores under Agriculture sector thereby crossing the target by a good margin of 17 % and achieving more than double in 2 years instead of 3 years as set by GOI. The bankers and the agriculture department of the State Government deserve complements for this remarkable achievement.

-The aggregate deposits of the bank in Madhya Pradesh increased by Rs.2809 crores from Rs.58792 crores as at March,05 to Rs.61601 crores at March 06, thus posting a growth of only 4.78% which is much below the country's average.

-The gross credit in the State surged by Rs.9237 crores from Rs.35078 crores as at March 05 to Rs.44315 crores at March 06 thus exhibiting a growth of 26.33% which

is good and reasonably much above the nearby state like UP, Chattisgarh and Bihar.

-During the period under review overall CD Ratio of banks for the State of Madhya Pradesh witnessed an increase of 12.28% from 59.66% as at Mar.05 to 71.94% as at Mar. 06, which is remarkable achievement. The reason behind this was that advances growth was more and deposit growth was less, which has pushed the CD ratio. The CD Ratio in rural & semi urban area has achieved the National Goal by recording a level of 75.78% as at March 06.

- Priority Sector Advances of Banks in Madhya Pradesh grew by Rs.5707 crores from Rs.20139 crores as at March 05 to 25846 crores as at March 06, thus recording a growth of 28.33%.

-The ratio of Priority Sector Advances to total advances as at March 06 stands at 58.33% as against National Goal of 40%.

-The Agriculture Advances in the State during the review period has witnessed an increase of Rs2974 crore from Rs.12870 crores as at March 05 to Rs.15844 crore as at March 06 thus showing a growth of 23.10%. The share of agricultural advances to total advances, as at March 06 is 35.75% against the stipulated level of 18%.

-The advances to SSI sector during the period under review registered an increase of Rs.200 crores only from Rs.1857 crores as at March 05 to Rs.2057 crore as at March 06 thus showing a growth of 10.77% which is not sufficient. He stated that this growth should be atleast 20% for which banks have to select product and activities to accelerate the flow of credit under this vital sector so that as per the direction given by the GOI, Hon'ble Finance Minister of India, the 20% growth on year to year basis making it double in 5 years in SME sector should be achievable.

-During the period under review the advances to weaker section increased by Rs924 crores from Rs.3678 crores as at March 05 to Rs.4602 crores as at March 06 thus showing a growth of 25.12%. The advance to weaker section constitutes 10.38% of the total advances as against the stipulated level of 10%.

-The percentage achievement under PMRY and SGSY were 65% and 97%.He expressed satisfaction over this and said that the state will achieve 100% disbursement by the end of July,06 .He requested State Government to help their financing partners in recovery as the NPA percentage in PMRY is as high as 48.34% which is a cause of concern for all of us.

He put thrust on strengthening the forward and backward linkages to step up credit flow to SSI segment, besides, improving the recovery climate.

-The total advances to women segment was Rs.2513 crores as of March06, constituting 5.67% of total credit considerably exceeding the stipulated norm of 5%.

ITEM NO. 1 : CONFIRMATION OF MINUTES

The minutes of the 123rd meeting were confirmed since no amendments/comments received from any member.

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

Action Point 1: Doubling Agriculture Credit-2005-06

Progress in doubling flow of agri credit upto March 2006

Shri R.P.Tripathi expressing happiness over the achievement on doubling the agriculture credit in 2 years in place of 3 years and said that though we have doubled the target bank as a whole and the performance is excellent but still the performance of some of the banks is not upto the mark like Andhra Bank, Corporation Bank, Bank of Rajasthan, Subsidiaries of SBI except SBI, SB Indore and State Bank of Bikanir & Jaipur, ING Vyshya Bank ,Karur Vyshya Bank , Laxmi Vilas Bank, Indusind Bank, Indian Bank and MPSARDB though these banks had accepted the targets for agriculture sector under Annual Credit Plan 2005-06.

Shri Praveen Garg, Commissioner Institutional Finance said that the banks not having Rural and Semi Urban branches should not accept target under ACP in DLCC and if they have accepted and not done anything then some stern action should be taken against them. He said that branches of other bank working in the same area are doing well in all sectors under government sponsored scheme but these few banks are also defaulter banks in other districts appearing in DLCC as he has seen during his visit to 20-28 districts in M.P. These banks are not doing in Government Sponsored Schemes also.

Shri Bhattacharya, CGM ,State Bank Of India suggested that this should be reviewed at district level.

Shri Rajan, Regional Director, RBI said that RBI will take meeting of these non performers while CGM SBI was of the view that CGMs of these non performing banks should be made apprised of the position.

Shri Garg, CIF congratulated all the banks for achieving the target of doubling of agriculture advances in 2 years and hoped that MP would be the first among country to do so.

Convener appraised the house that this is the first time when there is no mismatch between disbursement of production and investment credit.

1.2 Financing to New Farmers –

The commercial banks have extended Rs.1981.05 crores to 2,17,229 new farmers through 1625 rural and semi-urban branches, which comes to 134 new farmers per branch up to Mar, 06. The RRBs could extend financial support of Rs.481.53 crores to 90860 new farmers. The Cooperative banks have disbursed Rs.337.93 crores to 2,22,252 fresh farmers.

Convener informed that the targets envisaged for financing new farmers has been surpassed for both the years.

New Investment Projects Financed –

Though state as a whole banks have achieved target of financing 2-3 projects per branch but some banks like BOM, OBC, Canara Bank,UCO Bank,Allahabad bank,Syndicate bank and Punjab & Sind Bank could not achieve the same. Shri Haridas ,Chief Officer, UCO Bank , Shri Ambhore, Asstt. General Manager of Bank of Maharashtra & A.K. Singh, Asstt. General Manager of Allahabad Bank said that reported figures are not correct.

Shri Kalia, Chairperson advised all the State Level Heads to check all the figures before reporting to SLBC. Convener said that incorrect data creates problem in presenting correct report.

Though they have achieved total disbursement target but due to non-reporting of data by some of them under the head, the performance is reflected poor.

Financing to Agri Clinic/Agri Business –

Convener said that inspite of all out efforts by all, only 38 cases have been financed.

Chairman Shri Kalia informed that in 2004-05 we could not achieve the target of 10 units per district. At national level on an average the target was of 5000 units but the performance was not to that extent and due to this target was reduced to 1000 for 2005-06 and this was surpassed by achieving 1135 cases. .So though overall target was achieved but the progress is poor in MP. He further said that as per data available with MANGE out of 12000 graduates produced in country every year atleast number of graduates equal to the target could get loan from banks. There is a need for motivation. He said that government has taken a decision to provide loan to all those who are interested

and loan upto Rs.25 lacs is free of collateral security and will be covered under CGTSI. List of trained candidates can be taken from the website of MANAGE. Convener said that SLBC is ready to make presentation if required at any time. CGM, SBI said that even after providing a list of candidates by NABARD and contacts made by banks, only 2- 3 candidates have turned up. There is nothing wrong with the scheme but the graduates do not want to relocate themselves in the villages after graduation from the colleges. Their first choice is to get job as MRO (Marketing Relation Officer) or technical officers in any banks / companies where they are getting monthly salary. Their second option is to do Post Graduate/ Ph.D. as there is limited opportunities for job where marketability is more. Thirdly in some states contract farming has picked up and multinational companies like Pepsi are employing number of agriculture graduates. He said that even then banks would keep on trying. He further said that banks are not receiving complaints from graduates on asking for security for loans.

Forum suggested making presentation before Veterinary and agri graduates. CIF suggested of organizing a camp at Veterinary colleges. Shri Pandey, General Manager, NABARD said that a meeting of graduates who had taken loans from banks should be arranged to know their problems and experiences. In Andhra Pradesh Government and SLBC has taken initiative. Convener requested all the members to provide details of location of unit within a week.

1.5 Kisan Credit Card -

Shri Tripathi, Convener said that certain banks performance like Dena Bank, OBC, Punjab & Sind Bank, Bank of Rajasthan, Union Bank of India and Syndicate Bank is not upto the mark but some banks have done extremely well like Bank of India, State Bank of India, State Bank of Indore, Canara Bank, Punjab National Bank & Central Bank of India.

Shri Praveen Garg, Commissioner said that banks should have some target approach for issuing cards to the left over farmers. In Ratlam & Jhabua district, there is mandate to provide cent percent cards to farmers. He said that agriculture minister has told that there are certain complaints from the farmers related to charging of some extra fees for issuing credit card above Rs.one lac in rural areas by the banks which should not be charged.

Shri Kalia, Chairman informed that the ratio of issuance of kisan credit cards by Commercial Bank and Cooperative banks in the country differs from state to state as in certain states cooperative share is very low while in some states commercial banks are strong. In Bihar Commercial Bank and RRBs are doing very well i.e. upto 68% while cooperatives are weak and covered only 32% farmers. Shri Sumit Bose, Principal Secretary, Finance said that share of cooperative of M.P. is little higher than that of Commercial Banks and RRBs and we have kept undue burden on cooperative so banks have to look into this aspect.

CGM, State Bank of India opined that scale of finance is kept artificially low by Cooperative Bank without looking the economics and requirement so that after taking small quantum of loan as per scale of finance from cooperative sector, farmers / borrowers are forced to go to informal sector for fulfilling their loan requirement where rate of interest is very high. So if commercial banks wants to increase their share in KCC these cooperative structures will be affected and moreover the reach of commercial banks is limited as compared to cooperative so all commercial banks and cooperative banks have to work together.

Principal Secretary Finance said that since CD ratio of commercial banks is low as compared to other states of the country we should analyse the data and try to increase the share of commercial bank.

Shri Kalia, said that each commercial bank and RRB branch should finance 100 new farmers which in turn should be issued KCC as per direction of RBI and Government of India. If farmers are financed for other activity they should also be covered.

1.6 Relief measures provided to farmers' upto Mar, 06 –

Convener said that the farmers whose dues / accounts are settled under OTS scheme are also eligible for KCC.

There is need to amend the revenue act for tenant farmers because of which till date no such financing has been done.

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

Convener reiterated instructions of RBI to all State Level Heads of commercial banks having lead responsibilities to instruct their LDM to invite representatives of the concerned private bank / branch of the district and initiate the corporate office for participation and submission of data in time.

Convener informed the house that due to active role and follow up of RBI, all the private sector banks except UTI Bank have submitted SLBC data this time.

Action Point 3 : Issues related to exemption/relaxation of stamp duty:

(a) Golden Jubilee Rural Housing Finance Scheme

On rejection of proposal of waiver of stamp duty on GJRHFS Convener requested CIF to reconsider the issue once again because the amount of loan in these cases is very low for which CIF agreed to re-examine the issue.

(b) Self Help Group

Principal Secretary (Finance) informed the house that notification on relaxation of stamp duty in case of SHGs will be issued within 2-3 days.

(c) Waiver of Stamp Duty on Agricultural Loan

Principal Secretary (Finance) informed that waiver of stamp duty on agricultural loans upto Rs.10 lacs will be notified very shortly.

Shri Goel, Dy. General Manager of Oriental Bank of Commerce, requested to waive stamp duty on all loans upto Rs.50000/- as is being done in Andhra Pradesh where it is 0.5% to a maximum of Rs.50000/-. CIF asked a copy of notification for examining the same.

(d) Noting of charge on land in Govt. Records

Convener thanked DIF for writing a letter to Collectors of Morena and Harda districts also informed that things are not moving fast.

Principal Secretary Finance said that they would take up this matter with revenue department for again issuing a letter to all concerned in this regard.

(e) Non Availability of Title deeds

CIF informed that this exercise is being carried out on pilot basis on certain Abadi land and once this pilot project is completed they will do for the state.

Action Point 4 : Evaluation Study on PMRY

Convener informed that the draft report on evaluation study report on PMRY has already been submitted by MPCON to them but due to certain clarification on some points sought from MPCON, reply is still awaited and will be put in the next meeting.

Action Point 5 : Drought Relief measures - Payment of input subsidy for Kharif 2001 & Kharif 2002

Principal Secretary, Finance informed that the matter of payment of input subsidy has been placed before cabinet sub committee and they will take a final view within 2 weeks, though it was quite late.

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

Convener said that there is huge outstanding of Rs.735 crore in 23 Government guaranteed accounts against the state government. Principal Secretary Finance informed that government is in process of settling OILFED accounts, as also MPSRTC accounts of SBBJ has been settled besides most of the accounts of State Bank of India has also been settled. He said that MPSEB accounts are being settled on negotiations as such UCO Bank, Bank of India can approach them as other banks have done for settling their accounts.

Regarding payment of overdue bonds of MPSEB, Principal Secretary said that State Government has made provision of Rs.250 crores to cover payment of overdue bonds like Uttarbanga KGB. Such banks should approach individually and it will be certainly paid.

ITEM NO.3: PERFORMANCE OF BANKING SECTOR IN MADHYA PRADESH AT A GLANCE

3.1 Branch expansion

The total number of branches operating in the State was 4704 as on March, 06. One branch each of Andhra Bank & Indus Ind Bank, two branches each of State Bank of Indore and Bank of Rajasthan, three branches of State Bank of India and United Western Bank and eight branches of IDBI were opened while one branch each of Punjab National Bank, HDFC Bank and Chhindwara Seoni RRB and two branches of Bank of Baroda merged / closed from Dec,05.

3.2 Deposit growth

The aggregate deposits of the banks in Madhya Pradesh increased by Rs.2809 crores from Rs.58792 crores as at March 05 to Rs.61601 crores at March,06 thus recording a growth of 4.78%.

3.3 Credit Expansion

The gross credit in the State increased by 9237 crores from Rs.35078 crores as at March 05 to Rs.44315 crores at March 06 thus exhibiting a growth of 26.33%.

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 12.28% from 59.66% as at March 05 to 71.94% as at March,06. Shri Kalia, Chairman of the meeting while discussing the CD Ratio of the state said that the good growth of advances and poor growth in deposits has increased the CD Ratio as high as 71.94 but the reasons have to find out for low growth of deposit as at National level it was 19% while it was 4.7% in M.P.

CIF attributed this to growth in share market while convenor was of the opinion that last time two unnatural factor i.e. first withdrawal of most of the money of Gas compensation of Rs.1500 crores by depositors and secondly withdrawal of Rs.400 –500 crores of Indira Sagar and Sardar Sarover Dam .

It was also found that deposit figures of current quarter of State Bank of India were also not matching with the previous quarter figures for which bank was asked to recheck the same.

Principal Secretary informed that growth in small saving has come down as government has withdrawn incentive to post office depositors.

Low CD Ratio Districts– Convener said that only 3 districts are having CD ratio below 40% i.e. Umaria, Sidhi & Anuppur. Shri Bhattacharya, CGM,SBI said that the reason for poor CD Ratio in Umaria district are :

- 1- In Umaria 2 branches of Central Bank of India and one branch of Bank of Baroda operating in Shahdol but the figures are included in Umaria district as their some service area falls in Umaria district which has to be adjusted.
- 2- No Industry in the District.
- 3- National Park – Bandhagarh is situated in Umaria. As such some sort of tourism may be added to SME.

Shri Garg, CIF said that the possibilities of opening of Trade / Foreign Exchange counter by SBI at Bhandavgarh, a tourist centre should be looked into.

3.5 Priority Sector Advances

During the period under review the Priority Sector Advances of Banks in Madhya Pradesh grew by Rs.5707 crores from Rs.20139 crores as at March 05 to Rs.25846 crores as at March, 06 thus recording a growth of 28.33%.

3.6 Agriculture advances

The Agriculture Advances in the State during the review period has witnessed an increase of Rs.2974 crore from Rs.12870 crores as at March 05 to Rs.15844 crore as at March, 06 thus showing a growth of 23.10%

3.7 SSI Advances

The advances to SSI sector during the period under review has witnessed an increase of Rs.200 crores from Rs.1857 crores as at March 05 to Rs.2057 crore as at March, 06 thus showing a growth of 10.77%. Shri Krishnakumar, Dy. General Manager, SIDBI said that SME advances should be reviewed in place of SSI henceforth.

3.8 Advances to weaker section

During the period under review the advances to weaker section increased by Rs.924 crores from Rs.3678 crores as at March 05 to Rs.4602 crores as at March, 06 thus showing a growth of 25.12%

Shri Kalia, Chairman of the house said that banks are not making correct classification of advances to weaker section and there is need for correction in reporting of data to weaker section.

ITEM NO. 4: RECOVERY

Reacting on high NPA percentage in all government sponsored scheme, Shri Kalia, Chairman of the house said that the NPA percentage vary from state to state. In Gujrat & Chandigarh, Punjab & Haryana the recovery is 82% and above 65% respectively in PMRY while in M.P. it is very poor. The good recovery is because of the reason that 100% applications are sponsored by the branches in these states and there is quality selection of beneficiary as such they are sincerely paying the money back.

In these states, Branch Managers are making a point to recover the money and monitor the account. The main reason for poor recovery is low sponsoring and no monitoring of cases by Branch Managers. Branch Managers should choose the borrowers and should not wait for governmental help. In Central Bank of India, it is made mandatory to sponsor 100% cases to the target from Branch Managers side and monitor the same.

He, therefore, requested all State Level Heads of the banks to instruct their Branch Managers to sponsor cases equal to the target to DTIC for clearance from Task Force Committee for better recovery and to generate actual employment.

He said that in the last meeting with Finance Minister at Delhi it was found that where Branch Managers are active, ensuring 100% end use of bank loan and chasing before the borrowers repeatedly, the recovery is very good. By sighting the example of moneylender, he said that Branch Managers should contact the borrower when he is having money in his pocket.

4.2 Year Wise Position of Write Off Accounts

Convener informed that Rs.1410 crores were written off in 566124 accounts within a period of 6 years i.e. 2001 to 2006 and prior to that also so many accounts were written off. These borrowers and their family members are not eligible for taking loan from banks.

4.3 Implementation of MP Public Money Recovery Act / BRISC Scheme

Shri Praveen Garg, Commissioner Institutional Finance said that DIF is repeatedly writing to the Lead District Managers and controlling heads of banks to provide data of RRCs on software developed by them so that actual figures of RRC filed and pending with them could be arrived. DIF has also issued instructions to all Collectors not to pay incentives unless data is fully computerised. He also said about non-receipt of 3% revenue recovery charges from banks.

He requested State Level Heads of all lead banks to instruct their LDMs to install the MIS software so that exact figures may come out because lot of accounts have already been recovered which is reflected by jump in recovery from Rs.84 crores during 2004-05 to Rs.102 crores this year.

Referring to the matter of charging of 3% processing charges from bank branches before actual recovery made, in Harda district, Convener requested DIF to instruct collector Harda to stop up front recovery of 3% from branch.

CIF has also brought to the notice of the house that branches are not depositing 3% processing charges after the recovery of dues as such CAG office has taken serious objection during audit. During 2005-06, an amount of Rs.102 crores has been recovered under BRISC scheme but banks has not deposited Rs.3 crores as proceeding charges with the treasuries of various districts.

Convener suggested that amendment / provision should be made in the act that 3% should be deducted from the recovered amount by recovery officers and rest 97% should be deposited in the bank. He appreciated the efforts made under BRISC recovery as recovery amount is continuously increasing each year. It was Rs.3.43 crores during 1995-96 while it is more than Rs.102 crores during 2005-06.

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

Convener made the following observations

Agriculture & Allied Activities:

- As against target of Rs.5940 crore, the banks have disbursed loans amounting to Rs.6954 crore to agriculture sector upto 31.03.06. The achievement comes to 117%.
- The banks also surpassed annual targets allocated both under crop loans & terms loans (Investment credit).
- Although the State as a whole has surpassed the annual target, yet some of the banks namely Andhra Bank, Indian Bank, Oriental Bank of Commerce, Punjab & Sind Bank, Syndicate Bank, Bank of Rajasthan, Indus Ind Bank, Laxmi Vilas Bank, ING Vyshya Bank, Karur Vyshya Bank and Rewa Sidhi RRB , Apex Bank and MPSARDB did not achieve the allocated target.

Small Scale Industries/Non Farm sector :

- As against targets of Rs.454 crore under this sector, the commercial banks have disbursed loan amounting to Rs.511 crore thus exceeding the targets by 112.55-%.
- Regional rural banks have disbursed loans to the tune of Rs.14 crore against the targets of Rs.28 crore, thus missing the target by 50 %.
- Whereas, the Co-operative Banks as a whole have not achieved the target at all.

Other Priority Sector :

- As against targets of Rs.1521 crore under this sector, the commercial banks have disbursed loan amounting to Rs.1802 crore thus exceeding the targets by 18.47%.
- Regional rural banks have disbursed loans to the tune of Rs.143 crore against the targets of Rs.116 crore, thus surpassing the target by 23.27 %.
- The Cooperative Banks as a whole disbursed loans amounting to Rs.13 crore against targets of Rs.172 crore, leaving a gap of 92.5 -%.

Doubling of Flow of Credit to SMEs in 5 Years

Convener said Bank of India, Bank of Maharashtra, Indian Overseas Bank, Union Bank of India and all Private Sector Banks have not given the base figures as of 31.03.05 as such it is not possible to calculate the amount to be doubled within 5

years. He requested all the banks to provide correct figures of SME outstanding as of 31.3.05 in SLBC data format for June,06 Principal Secretary Finance suggested that in between the meeting of SLBC, banks should meet once and discuss uniform reporting data system.

It was also decided that all banks would submit duly correct SLBC data within one month from the closure of June 06 and if data received after 31st July 2006 will not be accepted.

Convener said that all banks have to follow decisions taken in the standing empowered committee which were retreated during the 2nd meeting of empowered committee for small and medium enterprises (SMEs) also, held on 15.05.06 at Jabalpur.

ITEM NO. 6: IMPLEMENTATION OF GOVERNMENT SPONSORED PROGRAMMES

Convenor informed that as against the target of 32000 cases, 33885(105.8%) cases have been sanctioned with disbursement in 20663 while a target of 32000 cases has been allotted to M.P. for the year 2006-07.

He brought to the notice of the house that in certain districts targets exceeded by 20% over and above the target fixed by Government whereas as per RBI norms 20% more application should be sponsored by the department over the target. He requested Industry Deptt. to look into the matter and instruct concerned DTICs suitably.

Shri Bhattacharya, CGM, SBI said that Branch Managers should not be penalized for non completion of training, non completion of formalities by the applicants by enhancing target to 120% keeping in mind 100% disbursement cases would take place if remaining 20% will not be materialised due to one or another reason. Secondly target distribution should be equal for all banks irrespective of bank branches of particular banks are doing finance or not doing finances. Banks should not be blamed for sanction because government departments are also not sponsoring 50% cases upto June and 100% upto December and maximum number of cases are sponsored in the month of March only. Government should face reality and fix the targets as given by RBI and banks should not be blamed and compelled to make compromises for sanctioning low quality proposals and increasing the targets by 20%. If government wants 100% disbursement they have to do much more and ensure timely sponsoring and training in sanctioned cases. Branch Managers cannot sanction bad quality proposals because they are responsible for

recovery also. Banks will sanction only good quality proposals so that NPA will not increase

Shri Kalia, Chairman said that where the recovery was not upto the mark, the target has been reduced to 60% in 5 states.

Shri T.R.S.Rao, Regional Manager, Canara Bank said that DTICs are providing blank training certificate to the banks branches to fill up the same before disbursement of loan.

Shri Garg CIF said that bankers also form a part of TFC at district level as such they should select good cases. Task force should also review the training of the candidates. He added that the banks should themselves sponsor quality cases. The monitoring of sponsored cases should be done regularly.

Shri G. Singh .Asstt. Gen. Manager, Punjab & Sind Bank said that there is need to strengthen RRC system particularly under PMRY. CIF Shri Garg replying the RRC position said that it is the Branch Manager who co-ordinate with Tehsildar / Naib Tehsildar and asked Punjab & Sind Bank to report the name of the district where they are facing problem so that matter could be taken up with respective Collectors.

6.2 Performance under SGSY 2005-06

Convenor made the following observations

- 30 districts have surpassed 100% achievement.
 - 8 Banks namely BOI, BOB. BOM.CBI. Canara Bank, SBI, SBBJ, UBI and RRBs as a whole achieved more than 100% targets.
 - Vidisha & Sidhi district has reported 0% achievement and Bhopal only 23.40%.
 - Bank of Rajasthan, Punjab & Sind Bank, MPSARDB have reported less than 10% achievement. Convenor requested Zonal Heads of these banks to ensure achievement by the branches.
- The targets in terms of sanction stand surpassed. The %age achievement of sanctions over target was 109.41%.
- The banks have disbursed loans of 180.99 crores. The %age achievement of disbursement over target comes to 97.87% as compared to 96.64% during the year 2004-05. All banks to ensure achievement of target by their branches.

On the issue of charging of more insurance premium on cattle, Shri Ahlawat, Joint Commissioner, Rural Development, Government of M.P. said that a meeting of insurance companies were called and matter was taken up with their head office level. Government is also trying to tie up with Private Insurance Companies.

Shri Ahlawat said that Credit Mobilisation Target under SGSY for the year 2006-07 is of Rs. 200 crores and as per guidelines given by Government of India, banks have to achieve their target by 100% financing to groups only.

He further clarified that list of BPL survey 2003-04 has been finalised and as per Government of India instructions if the groups having BPL persons in the group based on 98-99 survey has been given revolving fund and part of loan, then banks should continue to give loan irrespective of whether members coming under New Poverty Survey or not and if bank is going to start a fresh case the BPL persons will be considered as per new survey report.

6.3 Swarna Jayanti Shahari Rojgar Yojana (SJSRY)

Shri _R.C.Joshi, Joint Director, Urban Welfare Deptt. said that Central Bank of India and Punjab & Sind Bank in Raisen & Guna district respectively has not sanctioned a single case under DWCUA scheme. He further complained that bank branches are returning subsidy at the end of the financial year.

Convener advised the representatives to send these points/issues to SLBC well in advance so that facts /information from other side i.e. banks may also be called and asked the department to monitor the progress regularly and not at the end of the year.

Principal Secretary Finance advised the concerned department to provide data well in advance to convener so that it can be incorporated in the agenda item by the convener. He also advised to convene the meeting regularly for reviewing the progress under SJSRY.

Shri Bhattacharya, CGM, SBI said that department should release the subsidy only after sanction of cases and not before that.

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

(B) Antyavayasayee Swarojgar Yojana

Convener informed that even after repeated discussions in last 3-4 SLBCs, MPSCFDC has not submitted data with joint signature of officers of their department and LDM of the respective district as such there is large variation in the data submitted by banks and department at state level.

Shri Gupta GM, MPSCFDC said that though they have issued instructions to their offices still they are not getting data from all districts.

Shri Garg, CIF said that DIF will issue instructions at district level to get the statement signed by LDM and send the same to MPSCFDC.

ITEM NO 7: IMPLEMENTATION OF SPECIAL FOCUS PROGRAMME

7.1 Self Help Groups (Under NABARD Scheme)

Under Self Help Groups (NABARD Scheme) 8058 accounts were credit linked out of 20797 saving accounts opened. The main feature of these groups was NPA percentage which was only 3.88 as compared to NPA percentage of 27.42% financed under government sponsored scheme like SGSY.

7.2 KVIC – Margin Money Scheme-

(A) Regarding Allocation of Banks:

In the previous meeting, State Bank of India has been allotted to KVIC based on their request, in this regard, Khadi & Village Industries Board submitted an objection letter to S.L.B.C.

Representative of KVIB informed that in the state many districts such as Sagar, Betul, Raisen, Balaghat etc ;the branches of Banks has been allocated to KVIB and similarly districts like Badwani, Khargone, Shivpuri, Rajgarh, Seopur, Anuppur, etc., allocated to Khadi & Village Industries Commission , this leads to problem in achieving the Targets for both KVIB & KVIC. Therefore, the decision taken by SLBC Orissa, for forwarding project proposals of KVIC and KVIB to all the banks may be considered in M.P. too.

In the Zonal REGP review meeting, held on 24.6.06 at Bhopal, the Commissioner of Khadi & Village Industries has directed that the above decision may be tried on trial basis in one or two states. The matter was also discussed at length in SLBC and it has been decided that KVIC and KVIB both may be permitted to forward project/proposals to all the PSBs / RRBs/ Nationalised Banks etc.

(B) Joint inspection in pending proposals financed prior to 31.03.05

As per KVIC guidelines pending proposals financed prior to 31.3.05 wherein subsidy was not released may be inspected jointly and the list be submitted to SLBC for approval for releasing of margin money. It is informed to the house by the State Director that there are 870 cases which need physical verification out of 446 has been completed till 20th June, 2006 and those found eligible are as under:-

		No. of units jointly inspected	No. of units found eligible	M.M.recommended
A	KVIC	04	04	7.769
	KVIB	225	148	141.75611

Similarly, the margin money released by KVIB in 333 cases without following joint inspections norms with details as under :-

	No. of Units inspected	Units eligible margin money		Units not eligible for margin money	
		No. of units	M.M.	No. of units	
B	KVIC	--	--	--	--
	KVIB	108	98.09737	08	7.4523

Some of the units depicted at "B" above found received margin money partly during physical inspection. Rs.22.11 lacs balance margin money may be released by KVIB / KVIC as the case may be.

In the joint physical verification, 101 beneficiaries / enterprises are found listed twice who are not eligible for margin money. Ten units are found where in KVIC / KVIB has released margin money.

Hence, KVIB has to refund Rs.7.45 lacs to KVIC. The joint physical verification of remaining units has to be completed with in one month. I.e. end of July-2006 positively.

(C) Publicity :

State Director, CKVI, Bhopal proposed that as KVIC is celebrating golden jubilee year, hence programmes of KVIC has to be given publicity on a large scale and for advertisement 50% will be borne by KVIC . He requested to share the remaining 50 % by the banks.

Simultaneously, State Director, KVI, Bhopal brought it to the notice that the participation of SC, ST and minority Communities are below the expectations, under REGP Scheme, hence these categories should be financed to the maximum extent possible. Convenor asked KVI to sponsor cases of such categories to banks.

7.3 Housing Finance

(a) Direct Housing Finance

34584 cases has been disbursed during April, 05 to March 06-involving an amount of Rs.1219.99 crores.

(b) Golden Jubilee Rural Housing Finance Scheme

During the year 2005-06 financial assistance of Rs.22.80 crores has been provided under the scheme to 1285 beneficiaries. The poor progress was because of non-availability of title deeds.

7.4 Financial assistance to Minority Communities

Rs.182.33 crores has been disbursed to 30478 beneficiaries during the year 2005-06 while a loan of Rs.1384.34 crores balance outstanding in 186782 accounts.

7.6 Financial Assistance to Schedule Caste /Schedule Tribe

A sum of Rs.1285 and Rs.795 crores is the balance outstanding in 307856 and 194968 accounts respectively for scheduled caste and schedule tribe. The NPA percentage to SC is 21.33% while to ST is 17.30%

7.7, 7.8 & 7.9 Credit Card, Artisan Credit Card and General Credit Card

Convener requested the representatives of handloom Corporation to provide list of pending cases and clusters to them as per discussion held on 23.6.06 with their Principal Secretary for early disposal of cases by banks.

Convener said that so far 835 cards have been reported issued under general credit cards. He said that Central bank of India will come forward for financing such cases.

The representatives of Handloom complained of asking security by bank branches in general for which he was asked to submit name of bank and branch specifically asking for security.

Chairman Shri Kalia said that all the three cards viz. Swarojgar Credit Card, Artisan Credit Card and General Credit Card are meant for three different purposes. Convener requested all to issue more credit cards under three categories and not to mix these three cards while reporting.

CIF Shri Garg said that branches should be much more concerned about handicraft as craftsmen are not getting loan from banks.

Shri Pandey, General Manager, NABARD informed that a target of 7100 cases has been fixed for all banks in M.P. for 2006-07 and requested banks to achieve the same by March 2007.

Convener hoped that banks will launch General Credit Card Scheme with full spirit and report the data from next quarter to SLBC in SLBC data format.

7.10 Education Loan

Banks have disbursed 8812 cases amounting Rs.129.63 crores for education loan during the current financial year. It is noticed that new private sector banks have not at all sanctioned any education loan.

7.11 Loans to Ex-servicemen (SEMFEX)

It was observed that the progress was very poor under the scheme as only 7 cases with outstanding balance of Rs.10.39 lacs was reported by banks.

7.12 Progress under National Horticulture Board Scheme

It was observed that banks have made good progress under horticulture schemes by sanctioning 437 cases and disbursing 384 cases with a disbursement of Rs.8.51 crores.

ITEM NO 9: OTHER ISSUES

100% KCC coverage in Ratlam and Jhabua districts.

Convener said that banks have to follow the guidelines and instructions issued from time to time by government as well as decision taken in various meetings covered in both the districts on the issue for 100% KCC.

Selection of two districts for No Frill Accounts

Convener said that since banks have to make 100% KCC coverage in Jhabua and Ratlam district, as such it was proposed to nominate these two districts for 100% coverage of No Frill Accounts also, for which house gave their consent. This will be a pilot project for all the districts.

Training programme of farmers at FTC Vidisha – Shri Mann, DGM, Punjab National Bank informed that Farmers Training Centre at Vidisha is opened for all farmers and any bank can send their farmers for training.

Water Harvesting Scheme for SC/ST Farmers – It was observed that the progress under water harvesting scheme for SC/ST is low as compared to **Khet Talab Yojana** launched by State Government. The water-harvesting scheme prepared by NABARD is confined to SC/ST farmers only while Khet Talab Yojana is open for all. The representative of agri deptt. informed that the scheme was launched on 22nd May and till date department has received 16000 cases of 4000 have given subsidy.

Formation of working group recommendation

It was proposed to form three working groups - namely Agriculture and Allied Activities SSI & SME Other Priority Sector including Govt. Sponsored Schemes

under SLBC on issues concerning to development, monitoring, reporting and issues to be discussed in SLBC. Convenor said that issues related to above subjects may be discussed separately and decisions may be put before SLBC. On one hand it was opined that with the formation of groups probabilities of banks approaching the groups will be more while on other hand it was suggested that it will be repetition of issues and discussions. After discussions at length it was decided not to form groups and convene separate meeting.

The meeting ended with vote of thanks proposed by Shri Vachharajan, DGM, Bank of Baroda ,Zonal Office,Bhopal..

Table Agenda

ACP 2006-07 vis-a-vis Potential Link Plan

The total outlay under AAP 2006-07 and PLP is as under

	Agriculture	SSI	OPS	Total
ACP	7531.03	689.20	2262.56	10482.79
PLP	8109.92	977.11	2692.59	11779.62

The percentage of allocation under ACP comes to 88.99% which is reasonable and accepted by SLBC