

MINUTES OF 137th MEETING OF
STATE LEVEL BANKERS' COMMITTEE, MADHYA PRADESH
HELD ON 07.11.2009 AT
CENTRAL BANK OF INDIA, ZONAL OFFICE, BHOPAL

The 137th meeting of State Level Bankers' Committee, Madhya Pradesh was held on 7TH November 2009 under the chairmanship of Shri Rakesh Sahni, IAS, Chief Secretary to Government of Madhya Pradesh in the Conference Hall of Central Bank of India, Zonal Office, Bhopal. The meeting, inter alia, reviewed the progress of implementation of Special Package announced by the Government of India for MSME, Housing & Auto Sectors, performance of Banks operating in the State of Madhya Pradesh for the quarters ending June 2009 & September 2009 and status of various government sponsored schemes. The meeting was attended, amongst others, by Smt. Ranjana Choudhary, Additional Chief Secretary and Agriculture Production Commissioner, Shri I.S. Dani, Principal Secretary- Farmer Welfare & Agriculture & Co-Operative, Shri G.P. Singhal, Principal Secretary-Finance, Shri Satya Prakash, Principal Secretary-Commerce & Industries, Shri Alok Shrivastava, Principal Secretary-Housing & Environment, Dr. Devraj Birdi, Principal Secretary-Tribal Welfare, Mrs. Tinoo Joshi, Principal Secretary-Women & Child Development, Shri M.M. Upadhyay, Principal Secretary-Revenue, Shri Deepak Khandekar, Industries Commissioner, Shri Anurag Jain, Secretary to the Chief Minister & I.T., Shri Manish Singh, Director Institutional Finance, Smt. Rashmi Arun Shami, CEO-NREGS, Shri R.P. Mishra, MD, Backward Class & Minority, Shri Rajesh Verma, Regional Director-RBI Shri Syed Ali, GM-NABARD and Dr. Tarsem Chand, Deputy Secretary, Government of India, Ministry of Finance. List of participants is attached.

Welcome address by Convener

Shri I.P.S. Oberoi, Convener, extended a very warm welcome to Shri Rakesh Sahni, IAS, Chief Secretary, Government of Madhya Pradesh and Shri Ramnath Pradeep, Executive Director, Central Bank of India. He expressed his gratitude towards the Chief Secretary for having spared his valuable time to chair the meeting and guide the Committee in its deliberations on issues concerning economic development of the State of Madhya Pradesh.

The Convener also extended a hearty welcome to other government officials and senior executives from Reserve Bank of India, NABARD, Commercial Banks and other organizations.

He thanked all member-banks for the cooperation in submitting the data for the quarter ending September, 2009 in a very short period. He said that initially this meeting was proposed to be held some times towards the end of the September 2009 and the data were compiled for the quarter June, 2009. For some unavoidable reasons the meeting could not be held as scheduled. With the consultation of DIF Officials it was thought that since the meeting is scheduled on 7th November 2009, data for the quarter ending September 2009 should also be reviewed. As such, all member banks were requested to cooperate and furnish the data for the quarter ending September, 2009, which is placed for review. He desired that in view of the gap between review period covered in the previous meeting and this meeting, during which we have completed two quarters, it would be appropriate to review performance for both the quarters together in this meeting. Accordingly, data for both the quarters have been provided to all the member banks.

The Convener said that the agenda reveals that banking fraternity is doing fairly well in many areas like implementation of Annual Credit Plan and other government sponsored developmental schemes. However, there could be some areas which need more focused attention by the member banks for faster and better implementation. He cautioned against any sort of complacency and urged banks to continue their focused efforts towards surpassing the goals with a good margin. During the course of discussions on the agenda, the causes for the shortcomings will have to be critically analyzed for initiating remedial actions.

The Convener concluded his address with an assurance on behalf of the entire banking fraternity that the banks shall continue to make vigorous efforts for the economic development of the State. Thereafter, he requested Shri Ramnath Pradeep, Executive Director of Central Bank of India to address the house on contemporary issues.

Address by Shri Ramnath Pradeep, Executive Director, Central Bank of India:

Shri Ramnath Pradeep, Executive Director, Central Bank of India In his address stressed on the point that the banks should have a major role to play in the present time of economic meltdown, which may continue for some time.

On the economic front, he pointed towards the good news that Indian economy continues to be the second fastest growing economy in the world, the impact of global slowdown notwithstanding. There was a general view that consumption and savings being well balanced in the country's economy, the stimulus measures would put the Indian economy back on the growth track at a faster pace than other economies. Indeed, this view was reinforced by the accompanying results with both the industrial and service sectors showing signs of recovery. However, poor monsoon in several parts of the country has resulted in a downward revision in growth outlook which may get revised to 6% for the current financial year. Flash floods in certain States have compounded the problem. These developments are likely to cause a decline in the agricultural output.

The non-food credit growth is witnessing a sluggish growth. With Inflationary pressures once again on the rise, the country's financial regulators are faced with the complex challenge of managing trade-off between supporting growth and reining in inflation.

Taking all these factors into account, the Reserve Bank of India has left all the key rates, except SLR, untouched in its Second Quarter Review of Monetary Policy. The SLR has been raised from 24% to 25% which is not likely to have any major impact on the liquidity position of Banks. Another important measure is the stipulation to raise NPA provision coverage to 70% by September, 2010, up from 55% currently. This may require additional provisions to the tune of Rs.13000 Crores by Banks, impacting their profits, but the balance sheets of banks will look healthy in future.

Financial Inclusion and establishment of R-SETIs are two important vehicles for inclusive growth and development of rural economy. Financial Inclusion in most of the 35 identified districts in the State of Madhya Pradesh is now picking up

momentum. Having opened about 63 Lacs accounts of job card holders under NREGP, Madhya Pradesh is now moving fast in this important task. The pilot projects for IT-enabled Financial Inclusion also need to be expedited by the concerned Banks.

As regards for setting up of R-SETIs, with the active cooperation of State Government, bankers are finally in a stage where R-SETIs will start functioning in all remaining places at an early date. These institutions will take up framers' oriented training programmes for updation of farming methods and up gradation of their skills. The progress in this respect is being reviewed by the State Level Steering Committee. He requested the State Government to ensure allotment of land to all the R-SETIs at the earliest, as most of the institutes that are already set up or are in the process of being set up are housed in rented buildings.

In the area of Direct Housing Finance, the banks are doing well as the target of Rs.563 Crores, being 3% incremental deposit of the previous year, is likely to be surpassed by a comfortable margin.

The Scheme of Interest Subsidy for Housing the Urban Poor (ISHUP) needs to be propagated on a large scale to ensure successful implementation of this highly beneficial scheme for the urban poor.

He also urged member banks to encourage finance under 'contract farming' and also all activities that can check migration of labour to other parts.

The highlights of Banks' performance in the State during the first half-year are as follows:

- ◆ Under Annual Credit Plan, 55% of the target has been achieved by September, 2009 (Annual Target: Rs.18116 Crores, Achievement as on 30.09.2009: Rs.9989 Crores).
- ◆ 80 new branches were opened in the State during the period under review.

- ◆ Aggregate deposits were increased by Rs.7560 Crores, from Rs.108366 Crores as of March, 2009 to Rs.115926 Crores as of 30th September, 2009, reflecting a growth of 6.98%.
- ◆ During the same period, Total Credit was expanded by Rs.2865 Crores, from Rs.67975 Crores as on 31.03.2009 to Rs.70840 Crores as of 30.09.2009, registering a growth of 4.21%.
- ◆ The Credit Deposit Ratio stood at 61%, above the national norm of 60%. It is a matter of concern that all the 8 districts with low C:D Ratio are yet to improve their position.
- ◆ The ratio of Priority Sector advances to Total Credit stood at 61% as against the National Norm of 40%. The share of Agricultural Advances stands at 36% against the stipulated level of 18%.
- ◆ The advances to MSME sector registered a growth of 17%, with a net increase of Rs.1126 Crores over March, 2009.
- ◆ Advances to Weaker Sections was increased by Rs.487 Crores, constituting 15% of the Total Advances, against the national norm of 10%.
- ◆ Education Loans are steadily increasing in the State, showing the focused attention being paid by Banks in this vital area.

The Executive Director desired that in line with the recommendations of the High Level Committee on Lead Bank Scheme, a roadmap has to be prepared by March 2010 for providing banking services through a banking outlet in every village having a population of over 2000 by March, 2011. This facility will not necessarily be through bank branches but through other modes as well, such as ICT-based models, including Business Correspondents. He requested Member Banks to initiate necessary action in this regard.

He also took the opportunity of seeking full co-operation of the State Government in recovering bank dues from defaulting borrowers and opined that the wholehearted support and co-operation will contribute for minimizing bank over-dues from defaulting borrowers.

He requested the Hon'ble Chief Secretary, Shri Rakesh Sahni to give his keynote address to guide the house.

Key Note Address of Shri Rakesh Sahni, Chief Secretary, Government of Madhya Pradesh.

In his address, Shri Sahni stated that the economic slow down was very quick in affecting virtually every part of the country and we were no exception in MP and this slow down has affected the impoverished sections of the society even more than the better-off ones. However, as we keep hearing reports from the highest levels in Government, that the economy is reviving and that the growth trajectory is now almost going to be recovered. The impact down the line, particularly in the hinterland of Madhya Pradesh is not being felt in the same manner in which the slow down hit us. The industry representatives are regularly meeting and are reporting of low demand and consequently there is low employment, particularly of the more seasonal type which has definitely undergone remarkable reduction and the employment figures of Industries in MP have not been picking up recently. Since, their demands are not picking up, many projects in the pipeline have not taken off. I would not blame the bankers for that because unless the promoters themselves are keen on facing the matter, the question of banks clearing more loans does not arise. However, that does not hold true for the rural sector. The Executive Director mentioned that we have achieved very reasonable 60% CD Ratio in Madhya Pradesh. However, the fact is that we have registered reduction, decrease in CD Ratio in the last one year that is a cause for concern because that means the status quo level has not been maintained. All Bankers must ensure that the CD Ratio grows consistently because you do not add new clientele until and unless you are able to sustain consistently upward trajectory in CD Ratio. There has been 4% decline which I don't think does much credit to any of us and this must get reflected in your areas of concern and this should also get rectified sooner rather than later. We still have a few months of current financial year. I think, and believe, that you are

in a position in the next three to four months to achieve considerable improvements in the CD Ratio of Madhya Pradesh which essentially means that you have to extend more and more credit to the agriculture sector primarily. The Banks have, no doubt, extended their cooperation in reviving the economy.

You are aware that this year the seasonal rainfall was disappointing in the State. We had an overall deficiency of about 30% in the average rainfall which has resulted in huge loss in the paddy areas of the State. Overall Kharif out turn (all crops included) has registered some kind of reduction. It is also going to impact the Rabi sowing and we have already lowered the targets for some of the crops and have tried to make up with other crops which are less water intensive but overall the agricultural economy of the State will be stagnant in the Agriculture Year 2009-10 sessions. As we are aware that agriculture is reckoned from 1st July to 30th June of next year, the overall agricultural economy of the State will remain stagnant. This would need more help and more hand holding from the banking sector and this is something you will have to deal with.

Expressing concern over the reduction in C:D ratio in the last one year, he expressed that the rural sector has not benefited in the same way as the other sectors from the economic revival. He advised bankers to ponder over the issue and see that the C: D ratio is improved in the remaining months of the current financial year.

He also referred to the huge backlog in issuance of Kisan Credit Cards and stated that KCCs bring greater coverage of the agriculturists in the banking sector. The figures notwithstanding the fact remains that the mere Inclusion of more agriculturists in the financial system means that new persons are now eligible and can really and actually access banking facilities.

On the issue of NREGS payments, he stated that there would be greater pressure on the release of payments through the banking system. Our aim should be to expedite the payments through whatever modes are available, including the Business Correspondent model. If the banks find that more convenient, you may think of any mechanism which can expedite the release of payment of employment

wages, we would find ourselves on slightly less stronger ground because whenever people represent and talk about the scheme whether in State or in Delhi, the first complaint is that of huge delay in the collection of wages by the people putting their effort and we have no records to make sure that the payments are released through Bank's account in respect of each employee and each worker.

About R-SETIs he stated that where ever land applications have been made, Govt. has been quick in releasing land for these institutions and if there are any obstacles, the Govt. can take care of them and in principle there is no hesitation at all in the release of the land for these institutes. Sometimes the nature of land records rules out the particular piece of land that the applicant might have in mind. This can be easily resolved by discussion at local level and in case there is any specific problem, he assured that the Department of Rural Development can take care of the same.

The Chief Secretary stressed the need to implement the recommendations of Thorat Committee on Lead Bank Scheme. He desired that SLBC cells should be strengthened in all banks, so that SLBC could produce desired results. He further desired that three permanent sub-committees, as recommended by the Thorat Committee, should be formed, as below:

Sub-Committee on Agriculture and Allied Activities

A Sub-Group on Agriculture & Allied Activities headed by the Agriculture Production Commissioner with Convener of SLBC as Member-Secretary may be constituted. Members on the Sub-Group would be HODs / PSUs (viz: Directorate of Agriculture, Directorate of Agricultural Engineering, Madhya Pradesh Agro Industries Development Corporation, Agriculture University) under the Department and the Director Institutional Finance.

Sub-Committee on Industry

A Sub-Group headed by the Principal Secretary with Convener of SLBC as Member-Secretary may be constituted. Members on the Sub-Group would be HODs / PSUs (viz: Directorate of Industries, Madhya Pradesh State Industries Development

Corporation, Madhya Pradesh Export Corporation) under the Department and the Director Institutional Finance.

Sub-Committee on Services

A Sub-Group headed by the Development Commissioner with Convener of SLBC as Member-Secretary may be constituted. Members on the Sub-Group would be HODs / PSUs (Directorate of Rural Employment) under the Department and the Director Institutional Finance.

These Sub-Groups should meet prior to SLBC. Their recommendations should be placed before SLBC for adoption and ensuring their implementation in time bound manner.

Address of Dr. Tarsem Chand, Deputy Secretary, Ministry of Finance, Government of India.

Dr. Tarsem Chand, Deputy Secretary, Ministry of Finance, Government of India, welcomed all the members. He said that this is a very important occasion where we meet all three agencies, Union Government, State Government., and all bankers to review our quarterly progress and make plans for the future. Central Government has given a lot of importance to this forum and we have also written to the State Government in the past that there should be top level representation as Chief Secretary has already pointed out that it should be business like and we must find solutions to the problems which we are facing. On behalf of myself and Department Of Financial Services, Government of India, I feel privileged to participate in this deliberation and to be among the top dignitaries. At the outset, I take this opportunity to congratulate the MP Government and the bankers for making good progress. The important parameter in which we measure the banking advancement is the agricultural advances to the total advances, which is 35% against the national norms of 18% level as on June 09 figures. Another commendable achievement which has been noted from the agenda is the advances to weaker sections, which constitutes 15% of total advances as against the stipulated level 10%. Progress in DRI advances is also positive and in the implementation of Government sponsored schemes like SGSY, SJSRY, PMEGP, we have to deliberate and focus on areas

where achievement has not been commendable and notable and may well be below expectation. Such an area is the CD Ratio that is below the national level and probably there may be a flight in the capital from the State which may be responsible for low growth or stagnant CD Ratio. Another area of concern is the average population per branch which is 18000 in MP as against the all India average of 15000. Hon'ble Finance Minister announced that SLBC should identify the unbanked and under banked areas and formulate the action plan for providing banking facilities in the next three years. An action plan is to be finalized by SLBC to address the need of under banked areas because we don't have unbanked areas in MP. Another area of concern is the negative credit expansion in rural and semi-urban areas. MSME advances also shows a stagnant growth which is very minimum. NPA position in Govt. sponsored schemes like PMRY, SJSRY, and SGSY in the above order of 14% and in some schemes it is 25% to 40%.

We have to review the total stock of technology based initiatives that is number of BCs appointed, number of new POS and number of KIOSKS installed, new biometric cards, smart cards issued number of new ATMS, which has been opened etc. We have to monitor the new No Frill Accounts opened and their operation. Some credit links been extended or not. I thank the SLBC for giving me such an opportunity.

Address of Shri Rajesh Verma, Director, RBI.

I would like to inform the house that 2009-10 is celebrated as Platinum Jubilee Year of Reserve Bank of India. RBI usually does not come in direct contact with the people but works behind the stage. RBI Governor desires that a few villages from each State to be identified for outreach activities by RBI. Remote villages, which are unbanked and have large proportion of poor people like SC/ ST etc. would be identified and RBI will try to reach out to these villages with the help of Banks, NABARD and Government Agency with the objective of promoting 100% Financial Inclusion of these villages. It will be our endeavor to develop these villages as model villages by end of March 2010. All the Government Schemes, for which people are eligible, should be available to them and we will try to give the benefit of schemes to each house hold as per their requirement. No Frill Accounts will be opened and self

help groups and Kisan Clubs for the financially included will be constituted, for promoting economic activities so that over a period of time a perceptible change in the standard of living of these people can be made and their income levels can be raised. Towards this, we have selected one village each in ten districts in MP and every month we are launching outreach activity in these villages. We have so far launched such activities in 5 villages. The response has been good and we are doing some ground work before launching the outreach activities. We have received good help from banks, NABARD and the district administration for this initiative. For the remaining villages, where outreach activities are yet to be launched, I will request the bankers specially the Lead Banks of the concerned districts, SLBC, State Government and NABARD to cooperate and to make this experiment a huge success. RBI wishes to make a durable impact through the outreach programme and our officials will visit every month to monitor the progress in this regard.

Thereafter, the agenda was taken up for discussion.

ITEM NO.1 **CONFIRMATION OF THE MINUTES OF THE 136th MEETING OF STATE LEVEL BANKERS' COMMITTEE HELD ON 28.05.2009**

As no amendments/comments were received from any member, the minutes of the meeting were approved.

ITEM NO.2 **FOLLOW UP ACTION ON DECISION OF EARLIER MEETING**

Action Point 2.1: **Doubling of Agriculture Credit during 2008-09**

Progress was reviewed by the house.

2.2.1 Progress of issuance Kisan Credit Card in all District of MP

Banks issued 3,27,295 Kisan Credit Cards out of which 1,36,298 were issued by the Commercial Banks, 51,999 by RRBs and 1,38,598 cards by Cooperative Banks during the half year ended on September 2009.

Poor performers were the Andhra Bank, Corporation Bank, Vijaya Bank, United Bank, Bank of Rajasthan, Punjab & Sindh Bank, & Indian Overseas Bank. Representatives of these Banks assured to the house that their performances would improve in the current year.

It had been decided in 133rd meeting that after successful implementation of ADWDR all the farmers have now become eligible for crop loans and banks should take effective steps to disburse the crop loans to all eligible farmers from Rabi season. It was resolved that the bankers will distribute KCC to all and all eligible farmers in M.P. should be covered through 100% KCC Scheme. Convener requested bankers to ensure full insurance coverage for the KCC issued by them under NAIS.

It was resolved that the Sub-Committee to be formed with the Chairmanship of the Additional Chief Secretary and Production Commissioner, Government of Madhya Pradesh will meet at frequent intervals to ensure that all eligible farmers in MP State should be covered through 100% K.C.C. Scheme.

(Action –Banks / Convener bank)

2.2.2 Issuance of KCC to Kotwars

Out of 28,000 Sewa Bhoomi Kotwars, 16,186 have already been financed under KCC scheme. DIF has already issued instructions to the District Administration to provide the list of Kotwars in the district. It was resolved that banks will liaise with District Administration and obtain requisite list of Kotwars and ensure issuance of KCC to them by end of the current financial year.

(Action –Banks / Convener bank)

2.2.3 Financial Inclusion in 35 Districts of M.P.

The Chief Secretary expressed his concern over the slow progress of Financial Inclusion. 35 districts of the state were selected in September 2007 for the financial inclusion but only 6,526 villages in these districts have been declared as financially included. Though the banks have opened 63 lakh NREGS accounts, the house felt that the reporting of data by banks to SLBC is not proper and the data needs to be checked once again.

Regional Director RBI expressed his concern over the lack of coordinated approach by the bankers in financial inclusion.

Issuance of Kisan Credit Card, General Credit Card, and No Frill Accounts are a part of Financial Inclusion. It was resolved that coordinated efforts may be made to implement all the schemes to achieve financial inclusion. It was decided that the Sub-Committee will meet every month / at frequent intervals.

(Action –Banks / SLBC/DLCC)

2.2.4 IT ENABLED FINANCIAL INCLUSION PROGRAMME

The house was informed that the progress of different banks in this sector is not satisfactory. It was decided that bankers who have not started this exercise will take up the same on priority basis and achieve 100% IT enabled financial inclusion in the block selected and allotted to them under pilot project and also expand this activity in other districts.

Summing up the discussions on this agenda, the Convener stated that the farmers who are not included in NREG scheme should also get an opportunity to open accounts. He laid emphasis on the need not only to ensure opening of accounts but also that these accounts should be operative and transactions are routed through them.

(Action all Banks)

2.2.5 Settlement of SLR Bonds

The issue was discussed by the House.

B. Discounting of SIDBI / IDBI bills

Progress was reviewed and discussed.

2.2.6 Rural Self Employment Training Institutes (R-SETIs)

It had been decided in last sub-committee meeting that the banks will open R-SETIs in their lead districts:

The Chairman conveyed that the instructions have already been issued to the district administrations to allot land to the Banks and if the same is not immediately available, then Banks should temporarily set up the Institutes in rented buildings.

(Action by Banks/Distt. Administrator)

2.2.7 Drought Relief Measures - Payments of input subsidy for Kharif 2001 & Kharif 2002.

Convener requested bankers to submit the details of utilization at the earliest so as to enable the Convener to submit the utilization to the State Government and DIF.

(Action All Lead Banks)

2.2.8 AGRICULTURE DEBT WAIVER AND RELIEF SCHEME 2008

CDs for 8 districts which provides borrower wise, bank wise and branch wise data are yet to be received. The Convener requested the concerned bankers to expedite submission of CD at the earliest.

(Action by concerned Banks)

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

3.1 Branch expansion

There is a net increase of 80 branches of the banks during the period under review.

3.2 Deposit growth

During the period of review, the aggregate deposit of the banks in Madhya Pradesh has increased by Rs. 7560 Crores from Rs.108366 in March 09 to Rs. 115926 Crores as of September 09, thus posting a growth of 6.98%.

3.3 **Credit Expansion**

During the period under review, gross credit in the State has surged by Rs.2865 Crores from Rs 67975 Crores as of March 09 to Rs.70540 Crores as of Sept. 09 thus exhibiting a growth of 4.21 %.

3.4 **Credit Deposit Ratio**

3.4.1 **LOW CD RATIO:**

CD Ratio of 8 districts is below 40%. Agriculture Production Commissioner stated that most of such districts are tribal districts. The Government is providing substantial funds as subsidy to these districts in various schemes. The Convener requested the State Level Heads of all the banks to improve the CD Ratio in these districts to achieve at least 40%. Chairman also endorsed the same views.

(Action by Banks)

3.5 **Priority Sector Advances**

During the period under review, the Priority Sector Advance of Banks in Madhya Pradesh grew by Rs.604 crores.

3.6 **Agriculture Advances**

The Agricultural Advance in the State during the review period have witnessed a decrease of Rs.1021 Crores from Rs.26225 Crores as of March 09 to Rs. 25204 Crores as of Sept. 09 thus showing a negative growth of (-3.89)%.

3.7 **MSME Advances**

The advances to MSME sector during the period under review have registered an increase of Rs.1126 Crores from Rs.6659 Crores as of March 09 to Rs 7785 Crores as of September 09 thus showing a growth of 16.91%.

3.8 Advances to Weaker Sections

During the period under review the advances to weaker section has increased by Rs. 487 Crores from Rs. 10030 Crores as of March 09 to Rs.10517 Crores as of September 09 thus showing a growth of 4.86%.

3.9 Advances under Differential Rate of Interest.(DRI)

Convener requested banks to make special efforts in this regard so that DRI advances cross the 1% target of total credit.

During the period under review the advances under DRI have increased by 55 crores from 22 crores as of March 2009 to Rs.77 crores as on September 2009, this showing a growth of 250%.

ACHIEVEMENT VIS-A-VIS NATIONAL GOALS - Highlights

1. The ratio of Priority Sector Advances to the total advances as of September 09 stands at 61% against National Goal of 40%.
2. The share of agricultural advances to total advances, as of September 09 is 36% against the National Goal of 18%.
3. The advances to weaker sections constitutes 15% of the total advances against the National Goal of 10%.
4. The CD Ratio in rural & semi urban area is above the National Goal by recording at level of 34% as of September 09.
5. During the period under review, the DRI advances increased by Rs.55 crores in absolute terms. Bankers are requested to increase the DRI advances.

3.10 **IBA Package on MSME, Housing & Auto Sector**

As per instructions received from Ministry of Finance, Government of India, special monthly meetings of SLBC with focus on the implementation of Special Package announced by the Indian Banks' Association for MSME, Housing and Auto Sectors to deal with the impact of global financial situation are stipulated. Progress under the special package was reviewed. The special meetings to be conducted every month to review the implementation of the package, and this subject will also be a part of the agenda for the regular meetings. Progress up to Sept.09 was reviewed and Convenor requested the bankers to submit the reports timely.

ITEM NO.4: **RECOVERY**

4.1 **NPA Position**

Convenor informed that NPA level was the highest in PMRY scheme (36%) and in other schemes like SGSY (Group) 19%, SGSY (Individual) 17%, SJSRY 23%, Pratistha 21% and in Antyavyavastai 28% respectively. Recovery under Government sponsored schemes was very poor which is a cause of concern to all Banks. Government machinery, particularly the concerned departments should assist banks in recovery of its dues.

(Action – All concerned Departments)

4.2 **Year Wise Position of Write- Off Accounts**

An amount of Rs 2594 Crores in 890175 accounts has been written off by the Banks till September2009.

4.3 **Implementation of MP Public Money Recovery Act /BRISC Scheme:**

House was informed that all the Commercial Banks and Regional Rural Banks operating in the State are now members of the BRISC Scheme as per circular issued by the DIF. All banks should abide by the Rules and directives of the Scheme issued by the DIF from time to time. Bankers expressed deep concern over poor recovery and requested the DIF to issue instructions for improving the recovery.

The Convener stated that under ADWDR Scheme 2008, 18.34 lakh farmers have been benefited. The RRCs filed in the accounts of such farmers whose debts have been waived may be withdrawn from the Revenue authority so that the pending number of RRCs and amount involved may be reduced to a considerable extent. DIF informed that the Government of Madhya Pradesh has while issued directives for ADWDR Scheme 2008, it is clearly directed to withdraw RRCs in such cases.

ITEM NO.5: **IMPLEMENTATION OF ANNUAL CREDIT PLAN 2009-10**

The overall achievement under Priority Sector Lending under ACP 2009-10 up to September 09 was 55 % for all the banks, while for commercial banks, RRBs and cooperative banks it was 56%, 55% and 53% respectively. Some of banks like State Bank of Hyderabad (15%), United Bank of India (20%), Laxmivilas Bank (0%), Corporation Bank (19%), and MPSARDB (1%) showed very low progress. Regional Director, RBI advised these banks to improve their performance and achieve ACP targets.

(Action – All Banks)

5.2 **Doubling of Flow of Credit to SME's in 5 year finance to SME Sector**

An amount of Rs.805 Crores was disbursed in 16322 SME accounts. Target for doubling of credit in 5 years has already been achieved well before the stipulated time period. Convener also informed the house that outstanding to SMEs has increased during the quarter under review.

(Action- All Banks)

ITEM NO.6: **IMPLEMENTATION OF GOVERNMENT SPONSORED PROGRAMMES**

6.1 **Prime Minister's Employment Generation Programme (PMEGP)**

A new scheme PMEGP has been introduced and target of 3850 cases is fixed for the state for 2009-10. Banks were advised to ensure achievement of the target. A detailed circular issued by RBI and SLBC has circulated to all.

(Action- All Banks/ Departments)

6.2 Performance under SGSY 2009-10

Progress was reviewed by the house. Principal Secretary (Panchayat & Rural Development) mentioned that the progress under this scheme up to September 09 is 21.99% of the target, which is very low. The Convener assured that the target will be achieved by Bankers. In the past, it was also observed that SGSY Scheme picks up momentum generally after September every year.

(Action- All Banks)

6.3 Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

The progress of year 2009-10 was reviewed by the house. Convener informed the house that NPA level under this scheme is concentrated. He also requested the department to sponsor only bankable proposals.

(Action- All Banks/Department)

6.4 Scheme for Liberation and Rehabilitation of Scavengers (SLRS)

Progress was reviewed by the house.

(Action-MPSCFDC / Banks)

ITEM NO 7: IMPLEMENTATION OF SPECIAL FOCUS PROGRAMME

7.1 Self Help Groups (Under NABARD Scheme)

Progress under the Scheme was reviewed by the house. GM NABARD requested all the Banks to credit link the groups already formed by the Banks. SHG is a tool for financial inclusion. General Manger, SBI said that they have opened a special branch in Bhopal for Micro Finance credit.

7.2 Housing Finance

a) Direct Housing finance

Banks have disbursed Rs. 626 crore by the end of Sept. 09, thereby surpassing the target of 3% incremental deposit amount of Rs.563 Crores as compared to previous year.

b) **Golden Jubilee Rural Housing Scheme.**

During the year 2009-10 financial assistance of Rs. 7.76 Crores has been provided under this scheme to 415 beneficiaries. The poor progress is because of non-availability of the title deeds of land.

c) **Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)**

Convenor requested the M.P. Housing Board to identify local level nodal agencies in all the districts for identifying the beneficiaries and to forward the applications from the eligible beneficiaries to the banks for taking necessary action.

(Action- Banks/MP Housing Board/ Development Department)

7.3 & 7.4 **Financial assistance to Minority Communities in Bhopal District**

Bhopal is only one in the state amongst the 121 Minority Concentration Districts notified by the Government of India, Ministry of Welfare. Progress was reviewed by the house.

7.5 **Financial assistance to Schedule Castes and Schedule Tribes**

An amount of Rs.3168 Crores is outstanding in 945313 accounts under financial assistance to Scheduled Castes and Scheduled Tribes.

7.6 **Swarojgar Credit Card (SCC)**

Total 2602 cards were issued against the target of 15050 cards, amounting to Rs 6.61 Crore. Convener mentioned that either progress is poor or non-reporting/incorrect reporting by the branches. All the banks were requested to report the correct figures to SLBC/NABARD.

(Action- Banks)

7.7 **Artisan Credit Cards**

Against the target of 3475 cards banks have issued only 1242 cards. 5587 cards have issued since inception of the scheme. The House showed concern over the poor progress.

(Action - Banks)

7.8 **General Credit Card**

Banks have issued 3362 cards during review period against the self-set target of 14196. Total cards issued under the scheme since inception are 30729.

7.9 **Education Loans**

Banks have sanctioned 5576 education loans amounting to Rs. 155 Crores during the half year ended on September 09, of which Rs 44 Crores have been sanctioned to 1703 girl students.

DIF informed the house that State Govt. is providing a 3% subsidy on education loans provided to the legitimate daughters of Class III and Class IV MP Government employees. Bankers should come forward and submit their claims for the interest subsidy. The Chairman also endorsed the same. Convener informed the house that this is a very good scheme and bankers should pass on the benefit of scheme to the beneficiaries.

(Action – Banks)

7.10 **Advances to Women Beneficiaries**

An amount of Rs. 5048 Crores is outstanding as advance to women beneficiaries which is 6.52 % of the total advances against a target of 5%.

7.11 **National Horticulture Board / Mission**

Agriculture Production Commissioner urged the bankers to pay more attention towards the schemes of Horticulture Department. Secretary, Horticulture, Government of Madhya Pradesh requested for the reconciliation of sanctioned cases as there is a variation in the figures available with Government and SLBC. He also informed that under Back-ended Scheme, NHB has released a part of its subsidy in many cases but certain cases are yet to be settled.

(Action – Banks)

7.12 Debt Swap - DEBT SWAP SCHEME FOR SMALL/MARGINAL FARMERS

Convener requested the banks to have an earmark 3% of the target for financing under the debt swap scheme. Director-Institutional Finance also mentioned that the Scheme is very important and requested the Bankers to implement the scheme with a lenient view and approach.

(Action – Banks)

मद सं.-08

राजभाषा नीति का कार्यान्वयन

मध्यप्रदेश में 50 बैंकों में से केवल 37 बैंकों ने राजभाषा नीति के कार्यान्वयन संबंधित तिमाही आंकड़े भेजे थे अतः संयोजक ने शेष सदस्यों से अनुरोध है किया कि वे एस.एल.बी.सी. के प्रारूप में अपेक्षित आंकड़े समय से भेजना सुनिश्चित करें चूंकि सभी बैंकों को विवरणी प्रेषित करना है अतः समय पर विवरणी प्रेषित करने से अच्छी प्रगति परिलक्षित होगी ।

(कार्यवाही - बैंक)

Vote of Thanks

While proposing the vote of thanks to the Chair, Shri Ramnath Pradeep, Executive Director, Central Bank of India stated that the timing of the meeting was very crucial in the backdrop of economic slow down. The Chief Secretary had set the right tone for the meeting by observing that the Banks should start taking risks and help the ailing economy to put itself back on the right track. The active co-operation of Government Departments is necessary for achieving the targets. SLBC meeting provides an occasion to take stock of performance under different Schemes and discuss, in a focused way, issues which needs to be addressed on an urgent basis.

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