

Minutes of the 154th Meeting of SLBC held on 26/05/2014

The 154th Meeting of State Level Banker's Committee (SLBC), in the State of Madhya Pradesh, was held on 26/05/2014, in the Conference Hall of Central Bank of India, Zonal Office, Bhopal.

The meeting was co-chaired by Shri. Antony De'Sa, Chief Secretary, Govt. of Madhya Pradesh, along with Shri. Rajeev Rishi, Chairman and Managing Director, Central Bank of India. Other dignitaries present in the meeting were;

1. Shri. M.M. Upadhyaya, Additional Chief Secretary & Agriculture Production Commissioner, Govt. of M.P.,
2. Shri. Rakesh Agrawal, Additional Chief Secretary, Cottage & Village Industries. Govt. of M.P.,
3. Shri. Ashish Upadhyaya, OSD cum Commissioner, Institutional Finance Govt. of M.P.,
4. Smt. Kanchan Jain, Principal Secretary, Horticulture & Food Processing, Govt. of M.P.
5. Shri. Ajay Tirkey, Principal Secretary, Medical Education,,Govt. of M.P.,
6. Shri. Mohd. Suleman, Principal Secretary, Commerce and Industries & Employment, Govt. of M.P.,
7. Smt. Alka Upadhyay, C.E.O., Madhya Pradesh Rural Road and Housing Development Authority, Govt. of M.P.,
8. Dr. Rajendra Kulkarni, Chief General Manager, NABARD,
9. Shri.S.S. Gupta, Dy. General Manager, Reserve Bank of India,

and other senior level officers from Reserve Bank of India, various Banks and Govt. Departments.

Shri. Umesh Kumar Singh, Convener & Field General Manager, Central Bank of India welcomed all the dignitaries and members on behalf of the State Level Banker's Committee. He informed that the achievement by banks under different Govt. Sponsored Schemes and Annual Credit Plan for the financial year 2013-14 has been satisfactory in the State despite the conduct of the two important

Elections. In order to give momentum to the Recovery efforts of the banks, Shri Singh suggested an incentive based performance scheme for Branch Managers for consideration, on the lines similar to that of the Tehsildar and Recovery Officers of the Administration, by sharing the incentives from BRISC earnings . Shri Singh, thereafter, requested Shri. Rajeev Rishi to address the House.

Shri Rajeev Rishi acknowledged the participation of the distinguished Officers from the Administration and senior level Heads of Banks, and all other members.

Shri Rishi gave the statistical summary of the important aspects of the Indian and State economy in the year 2013-14, and trends observed in 2014-15:

- Industrial output contracted to 1.8% in March 2014 after an increase of 0.8% in February, 2014.
- A spell of global financial turbulence caused capital outflows leading to pressure on the exchange rate, but strong policy measures stabilized the currency, rebuilt reserves and narrowed the excessive Current Account Deficit.
- The projected GDP growth of 4.9% for 13-14 could be optimistic, as the required growth rate did not match the projections. But growth in Agriculture sector could support the projections.
- The inflation prevailed at 6.72% in March 2014.
- The YOY growth in Deposit and Credit as on December 13 was 15.3% and 14.2% respectively as against 11.3% and 14.7% during the previous year for the same period.
- RBI raised alarm over NPA of State run Banks. The total gross NPAs of Public Sector Banks were 4.5% of the gross advances at the end of Sep'13 against 3.99% of their gross advances in March 2013.

Madhya Pradesh

- M.P. had registered a GDP growth of 11.08% for the FY 2013-14. This surpassed the GDP growth rates of all major states in the country during the year.
- The growth in GDP has been driven by growth in agriculture in M.P. He mentioned that M.P. is the largest producer of Pulses, Oilseeds, Soya bean & Gram in the country. It is also set to join the league of large wheat producers in the country, like U.P., Punjab and Haryana.

He further touched upon the main issues of the agenda. Shri. Rishi congratulated the banks for their achievement of ACP target. Credit growth was more than the Deposit growth. Impressive disbursements have been recorded under Agriculture sector. Banks were requested to maintain the good work. However, he mentioned that about 20,00,000 landless farmers were yet to be covered by bank credit. The Govt. of M.P. was requested to adopt the Andhra Pradesh model of issuing Cultivator's License. He also requested the administration to explore the Karnataka model of on-line charge creation also. Banks were requested to go for investment credit supported by capital subsidy under Agriculture.

Under MSME, he requested fellow bankers to canvas viable cases for sponsorship to avoid rejection. Agro based activities need to be given thrust in the State. The share of RRB's and Cooperative banks also needed improvement in MSE.

He exhorted Private Banks to come forward to give more Education Loans. Banks were also directed to Claim subsidy for Education Loan under various schemes of the State and Central Govt.

Under Financial Inclusion, the transactions made through Business Correspondents needed stepping up to sustain the viability of the BC's. NPA was also a cause for concern. The administration was requested to assist the bankers in recovery of dues.

Banks had done well in disbursements under the State's flagship programmes also. The same tempo was required in the current financial year also.

Shri. Rishi, then requested Shri. De' Sa to address the House.

Shri. Anthony De'Sa appreciated the banks for the efforts done by them in the last quarter of the last FY, but requested banks to maintain uniform efforts throughout the year. The achievement was 84%. It should be brought up to 100% in terms of disbursements.

Shri. De'Sa conveyed the Honourable Chief Minister's ambitious desire for the success of the Employment and Housing schemes, with a vision for Madhya Pradesh to move forward.

Multitude of employment schemes were in existence with similar features, sponsored by different departments in the State. In many cases, the beneficiary had to forgo the highest benefit due to sponsoring by an agency with lesser benefits. Rationalization of such schemes was underway. 13 such schemes were being pruned to 3 in number. He gave salient features in short and informed that they would be finalized shortly. The Honourable Chief Minister's objective was to create youth entrepreneurs in the State.

He informed that the Mukhya Mantri Yuva Swarozgar Yojna was being categorized into 3 categories:

1. The Mukhya Mantri Uva Udhyami Yojna will be an off shoot of the original yojna with maximum unit cost of Rs.1 crore and minimum of Rs.10,00,000/-
2. The Mukhya Mantri Swarozgar Yojna was designed for small to medium business where the maximum unit cost of project will be Rs.10,00,000/-.
3. The third category will cover various smaller schemes, the Mukhya Mantri Aarthik Sahayata Yojna, where the maximum unit cost will be Rs.20,000/-

He informed that the earlier sponsored cases are to be sanctioned by banks under all earlier schemes and not returned to the agency. The schemes run by the GOI will co-exist in the existing format.

Shri. De'Sa expressed his desire for the cooperation of banks for the success of these schemes by identification of 2 cases by each branch of all banks under the first scheme. The Deptt.'s target was 1000 cases in the 1st category during the financial year 2014-15.

The other flagship scheme of the State was the Mukhya Mantri Gramin Awas Mission. Target for the current financial year was fixed at 200000. The progress under this scheme during the last year was satisfactory.

Under Education Loan, targets were achieved in 2013-14, but usage of the HELAMS application was not satisfactory. Bankers' preference for the manual applications persisted. Appropriate instructions should percolate from the controlling heads of banks to its ground level functionaries.

Banks were assured for assistance for recovery of bank dues under RRC filed cases.

At the end of the address, Shri De'Sa stressed upon banks to claim the subsidies in stipulated time so that the beneficiary is not burdened with additional interest.

Shri. Umesh Kumar Singh, Convener & Field General Manager, Central Bank of India thanked Shri. De'Sa's concerted informative session and requested that before finalizing the 3 schemes a consultative meeting with bankers may be organized for their views and requested Chief General Manager, National Bank for Agriculture and Rural Development, Dr. R.K. Kulkarni to address the House.

Dr. Kulkarni, CGM NABARD pointed out that the contribution of deposits from the rural sector was growing. Area Based and Need Based projects under investment credit were being formulated by NABARD, which will be circulated to all banks. The meetings of Technical Committee for revision of Scale of Finance in 31 districts were held and minutes will be circulated. After Dr. Kulkarni's speech, the agenda was taken up for discussion.

The minutes of the 153rd meeting of SLBC were adopted by the House as no observations/remarks were received.

Shri. M.M. Upadhyaya, Additional Chief Secretary & Agriculture Production Commissioner, observed that the achievement of Agriculture sector under ACP 2013-14 was satisfactory, but the northern districts of the State were grossly underfinanced. Enhancement in the Scale of Finance in districts falling under this region may mitigate the gap between these districts and other districts in the State. Shri. S.S. Gupta, DGM, Reserve Bank of India observed that enhancement in Term Loans under Agriculture may be the answer to it.

Under MSME, the House observed that the RRB's were not participating in financing. Shri. R.B. Gupta, General Manager, Central Bank of India said that SIDBI is not giving coverage to RRB's under CGTMSE scheme. This issue was under the attention of the State Govt. as well as the SIDBI. The RRB's were requested to follow up the matter.

Disbursement under PMEGP was only 60% and rejection percentage was high. Shri. De'Sa instructed the Deptt. to sponsor quality cases. Instructions were already with banks to disburse the pending cases and claim subsidy by 30.05.2014. The first quarter performance was expected to be better.

In Swarn Jayanti Shahri Rozgar Yojna, Shri. S.N. Mishra, Principal Secretary Urban Development Deptt. informed the House that instructions have been given to the Project Managers to be in touch with banks to coordinate and execute the implementation process in an improved manner.

Under Mukhya Mantri Yuva Swarozgar Yojna , Shri. De'Sa said that the average size was very small. Shri. Mohd. Suleman, Principal Secretary Commerce, Industries & Employment clarified that since the scheme was in its inception year, there were some teething troubles. The scheme is being launched with modifications. Settlement of subsidy claims was very low as claims were not submitted by banks. Shri. De 'Sa told the bankers that since the subsidy claim procedure was settled, the same may be claimed by next week.

Smt Alka Upadhyaya CEO, MPRRHDA took up review of the CM's Rural Housing Mission. Achievement under the programme was satisfactory, but not evenly spread out in the State. The scheme showed poor results in the North Eastern part of the State. She pointed out the less than satisfactory performance of Allahabad Bank's Lead district, Satna.

There seemed to be a need to educate people on the benefit of regular repayment and to banks to claim EMI from the Govt. of M.P. Banks were advised to provide the list of defaulters to the respective Janpad Panchayat for follow up. It was noted that in many cases only the 1st instalment was

disbursed and no further progress was recorded. Shri. De'Sa desired that from the next meeting onwards, a comparative table on the gap between 1st and 2nd disbursement may be given in the Agenda. The option for quarterly payment & classification of NPA of the account to be linked to crop season, as in case of ISHUP, was proposed by banks. It was also informed by the Deptt. that the target for FY 2014-15 was 200000. All Banks were requested for completion of targets for the current year also.

Review of Rural Livelihood Mission was taken up by the House. Shri De'Sa was of the opinion that sufficient number of cases should be forwarded to banks well in time.

Shri. L.M. Belwal C.E.O SRLM assured that all cases under the programme will be sponsored by 31.12.2014. Shri. Belwal requested all banks to return the unused subsidy to the Deptt, as it was lying idle due to discontinuation of subsidy based scheme from the current year. Shri. Ashish Upadhyaya advised that a list of such accounts should be obtained from the District Collector by the Deptt. for reconciliation.

The Secretary & Managing Director, Adivasi Vitta & Vikas Nigam, Smt. Veena Ghanekar, informed the House of the achievement under Tanya Bheel Swarozgar Yojna and requested banks to disburse the cases before 30.06.2014 & claim subsidy.

Under Weaver's Credit Card Scheme, the pendency of applications was reported high. Shri. Umesh Kumar Singh, Convenor/Field General Manager, Central Bank of India said that most of the sponsored cases were not viable and therefore banks were doing the cases selectively. Shri. S.S. Gupta, DGM, RBI advised bankers to review the progress at respective DLCC for proper follow up.

Education Loan performance was reviewed in the House. Achievement under this sector was satisfactory in the year 2013-14, but the number of interest subsidy claim did not match the number of accounts. Banks were advised to claim subsidy in all eligible accounts. The House was informed that 3 phases of

Credit Camps will be held under this sector during the month of June, July & August 2014. To involve the Pvt. Sector banks, an MOU was being contemplated with each separately for credit deployment under this sector by Directorate of Institutional Finance.

NPA in Banks was another major issue taken up for discussion. NPA under Govt. Sponsored schemes was also discussed. Shri. De'Sa requested banks to inform the major type of activities which turn into NPA's. Bankers were assured for assistance of the administrative machinery in RRC filed cases.

CD Ratio in some of the districts was less than the stipulated 40%, but banks were able to reach 66% in the State as a whole, as assured to the Governor Reserve Bank of India in a meeting of bankers held on 10/02/2011.

Shri. Ashish Upadhyaya informed that Tikamgarh & Mandla districts have been taken by them under special attention to bring the CD Ratio of the district to 60% by March 2015.

Under Branch Expansion Plan, Shri. Rajeev Rishi requested all banks to clear the backlog of branches this year, and to submit their plan for 2014-15 to Reserve Bank of India and Convener Bank immediately.

The implementation of Financial Inclusion in Madhya Pradesh though established, required stepping up of the transactions made through the Business Correspondents to sustain their viability and to retain them. Coverage of Sub-Service Area was another identified area where banks needed to gear up. Shri. De'Sa advised banks to make a strategy and go by it. Shri. R.B. Gupta, General Manager, Central Bank of India informed that the average transaction in M.P. was higher than the national average.

Taking the discussion forward, Shri. De'Sa desired that from the next meeting of SLBC, the status of building construction of RSETI's is to be incorporated in the presentation. He said that it was a good resource and needed to be utilized.

In the end, banks were advised to dispose off, all except PMEGP, pending cases by 30.06.2014.

Shri. Umesh Kumar Singh requested the Govt. administration for sponsoring 50% of the new cases by 30.06.2014. He also suggested that the sponsoring agencies should assist the applicants for completion of formalities for the loan.

The decisions taken in the Sub-Committee meetings were discussed and adopted. They are as under:

1. The Scale of Finance for different crops to be rationalized by Sub-Committee of Agriculture. Districts may adopt the same with certain variations, depending on the local issues.
2. Crop Season (in months) for various crops in M.P was decided (Annex-I of Agenda) and Deptt. of Horticulture was advised to circulate the crop season of different species of Horticulture & Plantation crops.
3. Credit to Self Help Groups need to be enhanced.
4. Involvement of Pvt. Banks was required for Education Loan to students.
5. Under Chief Minister's Rural Housing Mission, EMI subsidy to be claimed by banks in time to avoid the extra interest burden to the beneficiary. Banks to sanction fresh cases as per schedule given by the Deptt.
6. CD Ratio of Tikamgarh and Mandla district will be under special attention of Commissioner Institutional Finance.
7. The list of unsettled trainees of RSETI's should be given to DIC of concerned district for sponsoring under various self employment programmes.
8. Banks should not charge Processing Fee and Inspection Charges on Govt. sponsored schemes for loans up to Rs.200,000/- for individuals and Rs.10,00,000/- for SHG's.

Shri. Rajeev Rishi, who had met the Honorable Chief Minister of Madhya Pradesh, conveyed the sentiments of the Govt. to the House. It was the dream of the Honorable Chief Minister of the State to develop the State as a entrepreneurial hub. Let the banks form a strategy and start upon it.

Vote of thanks was proposed by Shri. Rajeev Gupta, Zonal Manager Bank of India, Bhopal Zone. He thanked the Chief Secretary, Shri. De'Sa for the good discussion and assured him of bank's cooperation in development of the State.

(Umesh Kumar Singh)
Convenor/Field General Manager