

2014

ANNEXURE-2

**SPECIAL MEETING OF THE STATE LEVEL BANKER'S
COMMITTEE MEETING**

**Address by Shri B K Divakara, Executive Director,
Central Bank of India/Convener, SLBC, M.P.**



155th STATE LEVEL BANKER'S COMMITTEE MEETING

MADHYA PRADESH

24/12/2014

Good Morning

- Shri Anthony De Sa, Chief Secretary Govt. of MP,
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- Smt. Aruna Sharma, Additional Chief Secretary & Development Commissioner, Deptt. Of Panchayat & Rural Development and Social Justice, Govt. of MP,
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- Shri Ajay Nath, Additional Chief Secretary (Finance), Govt. of MP,
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- Shri R K Swain, Principal Secretary & Agricultural Production Commissioner, Govt. of MP,
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- Smt. Alka Upadhyaya, CEO, MPRRDA,
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- Shri Vivek Agarwal, Commissioner Institutional Finance, Govt. of MP,
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- Shri MurliRadhakrishnan , Regional Director, Reserve Bank of India, Bhopal,
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- Dr. R N Kulkarni, Chief General Manager, NABARD, Bhopal,
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and other Senior Officials from the Govt. of MP and fellow Bankers

At the outset, I welcome you all, to this Special SLBC meeting, convened specifically to review the performance of banks in the State on the Government Sponsored Schemes so far during the current financial year and to have your valuable suggestions to bring an overall improvement in the performance of banks under these schemes during the remaining part of current fiscal for inclusive growth.

Friends, as you may be aware, this is the second Special SLBC meeting being conducted during the current Financial Year 2014-15. The first Special SLBC meeting was held on 6.8.2014 on the implementation of PMJDY on mission mode.

Looking at the utmost importance being attached to the success of all these Government sponsored schemes, which in turn leads to employment generation, poverty alleviation, social security and the economic prosperity of the State, I urge all my banking colleagues, to put in extra efforts to make this noble objective, a

reality and thumping success. When we look at the figures and analyze it further, it reveals that the performance of banks so far during the current year is definitely better than corresponding period last year. But we have to go a long way to reach the targeted figure. Before we take up the review of the performance of banks, let me explain in brief, the macro economic indicators.

- ❖ India's GDP, during 2013-14, marginally improved to 4.7% as compared to 4.5% in 2012-13 mainly due to high rate of growth in Agriculture & Allied activities owing to favourable monsoon.
- ❖ GDP grew by 5.7% in Q1 & by 5.3% in Q2 of 2014-15 which is a notable improvement over 4.6% registered in Q4 of 2013-14.
- ❖ With the expectation of better performance in manufacturing, falling oil prices and modest global growth revival, the economy is expected to grow at about 5.5% in 2014-15 as per the estimation of ADB.
- ❖ This is corroborated in the Mid Term Policy released recently by the Government, wherein the growth is also projected at 5.5% .

Now let me explain the trends and progress in **Banking Industry**.

- ❖ As per RBI data as on September 2014, the growth in deposits & advances in rural & semi urban branches has been much higher than the growth in urban & metro branches. (Details in Annexure)
- ❖ The YoY growth in deposit and credit till September 2014 (as per the latest available data) was 12.3% and 9.5% respectively as against 11.5% and 15.1% during the corresponding period last year.
- ❖ Against this backdrop of economic slowdown & increased activity in rural & semi urban areas, Indian Banking sector is beset with rising NPAs, which is posing a big challenge.
- ❖ The Gross NPA of PSBs stood at 5.32% of the Gross Credit as on Sept 14 as against 4.72% in March 14. Similarly, restructured loans as a percentage of Gross Credit rose to 7.25% from 7.17% during the same period. Stressed Asset ratio, which is a sum of Gross NPA & Gross Restructured assets, is causing a concern.

The numbers of **Madhya Pradesh** is quite impressive.

- ❖ MP recorded a growth of 11% in deposits & 15% in credit on YOY basis as on September 2014. However, it recorded lower growth of 5% & 1.3% respectively in deposits & credit during April to September 2014.
- ❖ The CD Ratio also improved from 62% as on 30.9.13 to 64% as on 30.9.14 though it fell from 66% as on March 2014.
- ❖ In 2013-14, MP has overtaken Bihar as India's fastest growing State. It grew by about 11.08% against the national average of 4.74% on account of high growth in the agriculture & allied sector supplemented by a modest growth in services sector.
- ❖ Commitment to the tune of Rs.6.79 lac crores during the recently held GIS 2014 is expected to spur growth in manufacturing & services sector in the next few years.

Now I would like to dwell upon certain major agenda items:

PMJDY:

- ❖ MP has the distinction of being one of the very few states to complete 100% coverage of households under PMJDY on 30.11.14 itself. I congratulate the State Government & Bankers for this splendid performance and their relentless pursuit in achieving the target much before the stipulated date.
- ❖ I was told that banks surveyed 1,53,86,853 households and opened 49,47,637 basic bank accounts in the uncovered households in 11864 SSAs & 6882 wards during the campaign.
- ❖ All the 11864 SSAs are covered through branch, BC, CSC or Mobile Van in Madhya Pradesh.
- ❖ Banks are now required to complete the process of issuing Rupay Cards and Passbooks to all account holders. The backlog in issuance of debit cards and passbooks is 65% and 42% respectively. I am quite confident that this can be accomplished by Banks quite easily.
- ❖ I observe that about 66% of Adhaar enrolment has been completed in the State. I am sure that the balance will be completed by the agencies under the able guidance and support of the state government. This will eliminate leakage of benefits flowing from the Central/State Governments. The State Government initiative to provide Rs.100 per account in BPL category upon seeding of Adhaar number is a very proactive & welcome step.
- ❖ After the opening of accounts, banks need to facilitate coverage of the unorganized sector under pension scheme in similar fashion.
- ❖ As the state has reached saturation, IBA, on behalf of banks, will challenge this and ask the targeted people to open bank a/c if they have none in a branch of their command area.

Now let us see the performance of banks in Government Sponsored Schemes upto 30.11.14:

- ❖ In Mukhya Mantri Gramin Awas Mission, the flagship programme of state government for rural housing, banks have achieved 35.19% of the target. Banks have done well during the year. However, increasing default in this scheme is a cause of concern for which I have been told that the department is already taking some proactive steps. I am sure that department will arrest the situation.
- ❖ In Pradhan Mantri Employment Generation Programme, banks have achieved 27.63% of the target.
- ❖ In Mukhya Mantri Yuva Udyami Yojna and Mukhya Mantri Swarojgar Yojana, the recently launched schemes by MP, the disbursements are 12% & 16% respectively against the sanctions of 42% and 58% of respective physical targets.
- ❖ The performance of banks in other schemes is discussed in detail in the Agenda. While the level of sponsoring of applications and sanctions are fairly satisfactory, the position of disbursement needs improvement.
- ❖ The performance of banks under these Schemes need introspection at banker's level and I call upon fellow bankers to consider all viable proposals and if need be, canvass viable cases and get them sponsored in order to ensure bankability of such cases.

Non Performing Assets:

- ❖ The percentage of NPAs under Priority Sector in MP at 9% is too high. We appeal to the State Government to support banks in recovery drive. Recovery through RRC mechanism is still very negligible. It needs special focus.

I now request Shri Umesh Kumar Singh, my Field General Manager to take forward the proceedings further.