

MINUTES OF THE 50TH REVIEW MEETING OF THE STATE

LEVEL BANKERS' COMMITTEE, BIHAR

HELD ON 21ST NOVEMBER 2014 FOR THE QUARTER ENDED SEP 2014



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THE 50TH REVIEW MEETING OF THE STATE LEVEL
BANKERS' COMMITTEE, BIHAR FOR THE 1ST HALF OF FY
2014-15 ENDED SEPTEMBER 2014, HELD ON 21ST
NOVEMBER, 2014

The 50th review meeting of State Level Bankers' Committee, Bihar was held on 21st November, 2014 at Hotel Chanakya, Patna under the chairmanship of Shri Bijendra Prasad Yadav, Finance Minister, Govt. of Bihar. The meeting was also attended by Shri Naushad Ahmad, Chairman, Bihar State Minority Commission and senior officials of State Government, RBI, NABARD, Banks, Insurance companies and other agencies. The list of participants is enclosed as Annexure-I.

Shri Ajit Sood, Chief General Manager, SBI & Convenor, SLBC Bihar, welcomed all the participants and described, in brief, some of the achievements of banks during the first half of FY 2014-15.

He observed that the Banks' performance may be termed as satisfactory since 43% of the target has been achieved as against 40% of achievement last year during the corresponding period. In absolute terms this means 28% growth Y-O-Y. In agriculture sector also, the growth over last year's performance is a healthy 31%.

Shri Sood opined that the CD ratio of the State is on an increasing trend but it was still much below the national average. At the end of Sept.2014, the CD ratio of the state stood at 42.79%, which is 227 basis points above Sept.2013. He said that the incremental CD ratio of 60% as at the end of Sept.2014 over that of Sept. 2013 was an indication that the CD ratio of the State is on the growth path.

The CGM SBI expressed deep concern at the rising NPA of banks in the State. At the end of Sept.2014, NPA of the Banks was at 7%, an increase of about 1% over June 2014 (6.09%). He requested the State Govt. to help the Banks in repayment of loan so that it could be recycled for the

needy persons. He suggested that organising recovery camps and disposal of certificate cases may provide major thrust in recovery of bad loans. In this connection, he also advised the banks to ensure updation of registers related to certificate cases as that would facilitate disposal of certificate cases.

CGM, SBI, thereafter highlighted the progress made by the Banks under Pradhan Mantri Jan-dhan Yojana(PMJDY). A total number of 39.07 lacs accounts have been opened by Banks in the State up to 15.11.2014. He explained that the Ministry of Finance, GOI has advised all the banks to complete the Household Survey and opening of accounts by Nov'2014 and requested the banks to complete this challenging task within the stipulated timeline.

The CGM, SBI also highlighted the performance of RSETI and Financial Literacy Centres maintained by the Banks in each district of the state and their role in entrepreneurship development and financial awareness in the state.

Dwelling on the security of banks, CGM, SBI outlined the importance of strengthening security of banks and requested the State Govt to look into the request of the Banks, so as to enable them to provide fearless and unhindered banking facility to general public.

Immediately after CGM, SBI's welcome address, a leaflet on PMJDY prepared by SLBC Bihar and the Area Development Plan for 5 districts prepared by NABARD were released by the Hon'ble Finance Minister.

The General Manager, Reserve Bank of India, Shri Swaroop Singh then made a brief presentation. In his address, he observed that the level of advances granted under the DRI scheme in the state was far below the benchmark of 1% of aggregate advances of the previous year. He requested the Banks to initiate immediate steps to improve the

performance in disbursement of loans under DRI scheme and make all out efforts to ensure achievement of the prescribed target.

Shri Singh also raised the concern of Bihar State Minorities Commission that no credit under DRI scheme for minorities has been routed through Bihar State Minorities Financial Corporation so far. He requested all stakeholders to ensure the implementation of RBI guidelines on Credit Facilities to Minority Communities. He also advised Banks to invariably ensure review of progress made in financing under DRI scheme as one of the agenda items in SLBC/DLCC.

GM, RBI expressed satisfaction on providing banking facilities in villages with population below 2000 as 70% of the target has been achieved till Sept.2014 and hoped that the Banks would be achieving this target much before the stipulated timeline i.e March 2016. He however, requested the bankers to provide the report to SLBC on time so as to avoid delayed submission to RBI.

GM, RBI said that despite simplification of KYC norms by RBI, there appears to be a lack of clarity in remote areas and requested the Banks to sensitise all their branches to facilitate account opening in rural areas. He also asked the Banks to ensure that Financial Literacy material prepared by RBI and printed and distributed by SLBC is used by all Branches in their Financial Literacy monthly camps.

GM, RBI also drew attention to the issue of poor governance in cooperative banks, where no dedicated CEOs/ MDs are present and District Cooperative Officer is holding joint charge as MD. In the meeting, it was directed by Hon'ble Finance Minister that Principal Secretary, Finance would look into the issue, in association with the Co-operative Department.

Exchange of Nepalese currency in the border area has become a problematic issue for quite some time and requested the Banks authorised by RBI to resolve this issue.

The Chief General Manager, NABARD Shri R.K.Das in his address highlighted the area development plan prepared by NABARD for 5 districts and said that soon the plan will be ready for other districts of the state. He appreciated the good work of RRBs in the area of JLG promotion and financing and asked the commercial Banks to come forward in this area. He requested the State Govt for waiver of Stamp duty on JLG loan as done in the case of SHG.

DDG, UDIAI in her brief address informed the house that over 2.00 Crs Aadhar Cards have already been issued in the state and the enrolment process has now gained momentum. She said that approx 1.75 lacs enrolment is done everyday and everybody in the state is likely to be provided with Aadhar Cards by June 2015. She expected the State Govt. machinery to join the operation soon, which will further accelerate the process. She requested the Banks to facilitate seeding of Aadhar number in PMJDY accounts by working co-ordination with Aadhar Camps.

Sri Naushad Ahmad, Chairman, Bihar State Minority Commission expressed his satisfaction at having been invited to the SLBC meeting. In his address, he shared his concern over the slow progress of DRI advances and requested the banks to increase the pace of extending credit facilities to Minorities. He also advised the Banks to appoint nodal officers for minorities in each district and communicate this to all concerned. He also requested that functionaries of Minority Commission be invited to DLCC meetings.

Minutes of the last SLBC meeting was then confirmed and Action Taken Report on the action points of 49th SLBC meeting was adopted by the House.

Presentation was, thereafter, made by AGM, SLBC on all the agenda items. After discussion on the agenda items during the meeting, the following points emerged.

A. ANNUAL CREDIT PLAN (2014-15):

The achievement of banks under ACP during the 1st half of the current financial year was 43% of the annual target and 28% more than the disbursement made during the corresponding period of last year. The performance of commercial banks and RRBs have recorded impressive growth in their loan disbursement vis-à-vis their performance over the same period last year. All banks were requested to speed up the pace of disbursement keeping an eye on the annual target and ensure achievement of the year end target by March 2015. The Hon'ble Finance Minister wanted the achievement of Banks' during the previous quarter to be indicated individually.

B. AGRICULTURE RELATED ISSUES:

1. Sub-Committee meeting of SLBC on Agriculture:

It was apprised by the Principal Secretary, Agriculture that the 5th meeting of Sub-Committee of SLBC on Agriculture was held on 19th Nov.2014 and it was decided to organise a camp on each Wednesday at Branch level, which will also be attended by the concerned field functionaries of the State Govt, who will help in generating loan applications of agri related schemes from the residents of the service area of that particular branch.

2. Agri ACP:

The achievement under Agri ACP during the first half of current Financial Year was 44% of the annual target and in absolute terms it turns out to

be 31% more than the corresponding period of last FY. All banks were requested to give due attention to Agri lending, especially in allied activities to all deserving farmers.

3. **KCC:**

The achievement of only 29% of annual target during the first half of current Financial Year was viewed as unsatisfactory. The banks were advised to give due attention to increase financing under KCC. The low level of renewal done by Co-operative Bank was explained by the Principal Secretary, Agriculture.

At the time of providing new KCCs and also on its renewal, issuance of Rupay card was to be ensured to all the eligible farmers. Banks were asked to sensitize the farmers for using the Rupay card.

The Chief Secretary stressed the need to streamline the recovery process in KCC and advised the Banks to organise recovery camps. Secretary (RD), GOB highlighted the recovery process mechanism adopted by UP Govt, which has been very successful. The Chief Secretary directed the Secretary (RD) to collect the details of KCC recovery adopted by UP Govt.

4. **Farm Mechanisation:-**

Dissatisfaction was expressed over poor performance under Farm Mechanisation as Banks had achieved only 17% of the target till Sept'14. Bankers were requested to give priority to this area. The State Govt. was requested by the Banks to reconsider delinking of subsidy schemes from Bank credit under Farm Mechanisation.

5. **Dairy & Fishery:-**

The Secretary, Animal and Fishery Resources described the performance of banks as very poor and said that particularly under the Dairy scheme where 7 banks had been allotted all the blocks of the state, the achievement is negligible. The Chief Secretary said that Animal Husbandry is the most important area of the state's Krishi Road Map and asked the Departments Secretary to convene a meeting of Banks for sorting out all the issues. He expressed his desire to attend this meeting.

Secretary, Animal Husbandry and Fishery announced that fishery scheme which was earlier allotted to IDBI Bank is now open for all major Banks of the state

6. SHG, RSETI & FLC:

Following issues were highlighted with regard to financing to SHGs/ JLGs and the functioning of RSETIs/ FLCs:

(I) Self Help Group (SHG)/Joint Liability Group (JLG)

a) Banks have opened savings account of 41723 SHGs and have credit linked 30422 SHGs with total bank finance of Rs. 159.50 Cr during the first half of financial year 2014-15 against an annual target of 150000 for account opening and 100000 for credit linkage.

b) Notification of the State Govt. had to be issued with regard to implementation of Interest Subvention scheme in the 27 non-IAP districts on the same line as in the 11 IAP districts. This is still awaited.

c) SHG Camps were organised on 23.08.2014 and 24.09.2014 in all districts for financing SHGs promoted and managed by JEEVIKA and approx 15800 SHGs were provided finance by banks, during the camps.

d) Banks to ensure use of common format for account opening & 1st dose credit linkage of SHGs.

e) Commercial Banks were asked to focus on JLG financing.

f) Against the annual target of 50000, 21500 JLGs were financed by Banks up to Sept'2014 and out of this 17025 were done by the 3 RRBs of the state.

II) RURAL SELF EMPLOYMENT TRAINING INSTITUTE (RSETI)/ FINANCIAL LITERACY CENTRE(FLC)

a) Banks were advised to impart training to potential PMEGP borrowers in RSETIs and DIC and bank officials were asked to visit RSETI for selection of eligible persons and generating their application for financing under PMEGP and other relevant schemes.

b) More focus should be given to the settlement of trainees which is the main objective behind creation of RSETIs, and for this sustained hand-holding of the trainees need to be ensured.

c) In DLCC & BLBC meetings bank branches should be activated to provide finance to RSETI trained persons.

d) Banks requested the State Govt to advise the modalities for reimbursement of training cost incurred by the RSETIs during FY 2013-14.

e) Banks were requested to ensure that their rural branches organise atleast one financial literacy camp every month to sensitize people about the benefits of maintaining bank account and various schemes of the Banks.

C. INDUSTRY RELATED ISSUES

1. Sub-Committee meeting of SLBC on Industries:

It was apprised to the house that the 5th meeting of Sub-Committee of SLBC on Industries was held on 11th Nov 2014 and all related issues were discussed in it.

2. Achievement under MSME ACP:

Till Sep 2014 the Banks under MSME have achieved 56% of their annual target, which in absolute terms is approximately Rs.2000 Crores more than the disbursement made by the Banks during the corresponding last year.

3. Review of achievement under PMEGP:

The achievement under PMEGP till Sep.2014 was viewed by the house as very poor. Against the physical target of 7648 projects for 2014-15, Banks have sanctioned only 166 projects amounting to Rs. 4.61 Cr during the period under review. The major reason for poor performance during the first half of current financial year was stated to be delay in receipt of loan applications.

The House was apprised by the Director KVIC that application forms for availing finance under PMEGP have already been sent to the branches. Banks were requested to instruct their branches for disposal of such applications by Dec.2014. It was also suggested that the PMEGP beneficiaries should be given training at RSETIs and the branch and DIC officials should visit the RSETIs during training programmes for selection of eligible persons for financing under PMEGP and other relevant schemes. As industrial sector was national priority area and had potential to provide large number of jobs to people, banks were requested to give adequate attention towards financing under the scheme.

D. OTHERS:-

1. OPENING OF BRANCHES:

The banks in the state had targeted opening of 600 branches during the FY 2014-15, out of which 136 branches had been opened till Sept.2014. All banks were requested to ensure that the target of branch opening is achieved in the remaining period of the FY. Finance Minister advised that unbanked Gram Panchayats should be given priority while opening branches by banks in rural areas.

2. EDUCATION LOAN:

As on Sept. 2014, against the annual target of 50000, the achievement of Banks under Education loan was only 13852, which is 28% of the target. It was desired that more focus be given towards providing education loan and early disposal of the applications to be ensured so that all eligible students get it in a hassle free manner.

The Principal Secretary, Finance advised that target of education loan should be given on the basis of the number of students completing school education. The Chief Secretary stressed that bottlenecks in sanctioning/disbursing of Education Loan should be removed as there is a lot of scope for increasing finance under the scheme. He also advised that State Govt may consider providing interest subvention in Education Loan and asked the Banks to prepare a scheme for consideration of the State Govt.

3. HOUSING LOAN:

As on Sept. 2014, the achievement of Banks under Housing loan was only 29% of the target, i.e 6991 against 24000. Chief Secretary stressed on focussing more on providing Housing Loan as it is a secured loan. CGM, SBI requested the State Govt to help the Banks in taking possession of the property in all SARFAESI cases.

E. PRADHAN MANTRI JAN-DHAN YOJANA:

AGM, SLBC appraised the house that Banks were organising camps in all districts under Pradhan Mantri Jan-dhan Yojana and that 45.92 lacs accounts had been opened till 15th Nov'2014. He also said that as per the recent communication from Govt of India, Banks have been asked to complete the opening of an account in each household by 30th Nov'2014.

The Principal Secretary, Finance then enumerated the modalities that should be adopted for opening accounts of each household in the state. He suggested that in every week camp should be organised in one village

by each branch in their respective Service Area and State Govt. will provide full co-operation in conducting these camps. He said that the State Govt wanted the banks to open the account of all the State Govt beneficiaries and create a data base in order to credit all benefits through these accounts, which will help these accounts to be viable and operational. The Principal Secretary, Finance also requested the Banks to prepare a plan for organising the camps in advance and submit it to the state govt for better co-ordination.

The Finance Minister Shri Bijendra Prasad Yadav in his address expressed unhappiness over the poor performance of the banks during the first half of current financial year. He advised the bankers to be more sensitive towards the poor and provide adequate financial assistance to the needy people. The Finance Minister advised the bankers to provide service with responsibility and perform their job in a transparent manner to improve credibility of the banking system. He assured the bankers of full cooperation from the State Government in their pursuit towards achieving better performance.

REGISTRATION OF SECURITY INTEREST WITH CENTRAL ELECTRONIC REGISTRY(CERSAI)

DGM, CERSAI in his address stressed upon the need and utility of CERSAI registration by all banks to avoid multiple financing by Banks. Banks were requested to register the mortgaged property within 30 days from the date of mortgage to avoid penalty. He said that at present 1.20 Cr CERSAI registrations have been done all across the country and Bihar stands at 16th position with 1.28 lacs registration. DGM, CERSAI also requested the Banks to verify the property mortgaged in CERSAI portal before financing.

The Chief Secretary, GOB in his address expressed satisfaction on the overall performance during the first half of current financial year. However, he advised the banks to increase finance in KCC, MSME and

Education Loans. The Chief Secretary expressed his concern about the quality of awareness material and suggested that a synchronized approach be adopted by all stake holders, like Banks and State Govt. He also referred to financial awareness material prepared by RBI sometime back for inclusion in school textbooks.

DGM, RBI clarified that with a view to have uniformity in financial literacy material, RBI had prepared a standardized financial literacy material for usage in FLC camps organized by the banks. The same has been printed by SLBC and distributed to all commercial banks for use in their Financial Literacy camps organized by FLCs and Rural Branches. DGM, NABARD also informed the house that the expenditure incurred by SLBC for publishing of RBI's standardized FLC material has been reimbursed / is being reimbursed by NABARD from Financial Inclusion Fund of GoI.

The meeting ended with a vote of thanks to all the participants by Shri S. K. Roy, GM, Central Bank of India. He expressed gratitude towards the Finance Minister and Chief Secretary of the state for participating in the day's meeting and providing valuable suggestions and guidance to the banks & concerned State Govt. departments for better performance. On behalf of the Banks, he assured about the Banks commitment to overall development of the state.

ACTION POINTS

50th SLBC MEETING HELD ON 21ST NOVEMBER 2014

1. Banks should put in concerted efforts to ensure achievement of 100% target set under ACP for 2014-15.

(Action: All Banks)

2. The Banks should give focus on financing Dairy, Fishery and Poultry schemes in order to achieve the ACP target under Allied activities.

(Action: All Banks)

3. Banks to ensure updation of register 9 &10 related to certificate cases for faster disposal of certificate cases.

(Action: All Banks)

4. Banks to give more focus on advances under DRI schemes to achieve the benchmark target of 1% of total aggregate advances during the previous year.

(Action: All Banks)

5. Waiver of Stamp duty on JLG loan Agreement as done in the case of SHG.

(Action: State Government)

6. Banks to ensure organising weekly Camp by all agri lending branches on each Wednesday for Agri business loans. Field functionaries of the State Govt to participate in the camp for generating loan applications from the service area of the Branch.

(Action: All Banks)

7. Rupay cards to be issued to all eligible farmers, while issuing and renewal of KCC.

(Action: All Banks)

8. Notification to be issued by the State Govt. with regard to implementation of Interest Subvention scheme in the accounts of Self

Help Groups, in the 27 non-IAP districts, on the same line as in the 11 IAP districts.

(Action: State Government)

9. Banks to ensure training to potential PMEGP borrowers in RSETIs. DIC and Bank official to visit RSETI for selection of eligible persons and generating their applications for financing under PMEGP and other relevant schemes.

(Action: State Govt. & Banks)

10. Modalities for reimbursement of training cost of RSETIs for 2013-14 should be advised to banks at the earliest.

(Action: Rural Dev Deptt, GOB)