

MINUTES OF THE 22nd SUB COMMITTEE MEETING OF SLBC ON BRANCH OPENING & IT-ENABLED FINANCIAL INCLUSION HELD ON 25th JUNE, 2014

The 22nd Sub Committee meeting of SLBC on Branch Opening and IT-enabled Financial Inclusion was held on 25th June, 2014 in the Conference Hall, State Bank of India, Local Head Office, Patna. The meeting was attended by officers from Govt. of Bihar, RBI, NABARD & Banks.

The Assistant General Manager, SLBC, welcomed all the participants. Thereafter, the House confirmed the Minutes and Action Taken Report of the 21st meeting of the Steering Committee on Branch Opening & IT-enabled Financial Inclusion held on 28th March, 2014.

The House then discussed the Agenda items of the meeting & the following decisions were arrived at:

1. BRANCH OPENING:

The branch opening target for 2014-15 was discussed by the House and the following issues were highlighted:-

a) There has never been any target fixed for branch opening by SLBC. In the 44th SLBC meeting the then union finance minister asked the bankers to open 750 branches in the state and the bankers, to honour the words of the honourable FM, rose to the occasion and opened 638 branches during 2013-14. This was a special case and one-off issue. The bankers were, thus of the opinion that there should not be any target fixed for opening of branches and the individual Banks' management must take a decision as per their own policy.

b) The no. of branches opened by the Banks during the preceding three years was 234, 306 and 410 during 2010-11, 2011-12 and 2012-13 respectively. Thus the average no. of branches opened during a year was 317 in the preceding three years. However the Deputy Director (Banking), DIF, GoB, opined that opening of more branches was the requirement of the state and there were still around 13 blocks where branches of Commercial Banks did not exist. The bankers clarified that the RRBs are performing all commercial functions related to banking including NEFT, Issuance of ATM Card etc. and as such presence of a branch of RRB at any block means the said block does not pertain to UNBANKED category. The bankers also advised that decisions on opening a branch at a particular centre mainly depend upon the potential available at the centre to make it economically viable proposition within a certain time frame. The branch opening also entails a lot of expenditure and as such viability issues are paramount when taking decision about opening of branches. As such branch opening target should not be imposed on the banks and banks should be allowed to open branches as per their own corporate policy as was the practice prior to the year 2013-14. However, providing banking facilities through opening CSPs and USBs should be carried out by the banks to

make available banking facility within the reach of the people, as per the extant guidelines of GoI.

The AGM, SLBC informed the House that the Principal Secretary (Finance) has called a meeting of the bankers to discuss the target of branch opening for 2014-15. He also requested the Banks who have not yet submitted their proposed branch expansion plan for 2014-15 to SLBC, to submit the same without further delay so that it could be placed in the proposed meeting with P.S. Finance.

2. Target of Education Loan and KCC:-

The House discussed the target fixation for Education Loan. The House was apprised that during 2013-14 the banks had given education loan to 35729 students which is 20% more than that given during 2012-13. Rising NPA in education loan was pointed out by banks as one of the reason why banks had become more cautious while extending education loan. However, DGM (Outreach), SBI remarked that rising NPA should not come in the way of giving fresh loans and all proposals which are otherwise eligible should be disposed of by banks as per the guidelines. It was suggested by the Dy. Director, Banking that banks should also provide education loan for vocational courses viz. Nursing, Physiotherapy, B.ed, etc. The banks were requested to participate in the proposed district level camps of 9th and 23rd July, 2014 to provide education loan to deserving students.

It was agreed that there should be 20 to 25 % increase over last year's achievement while fixing target of education loan for 2014-15.

A suggestion was given by banks that the name of the financing Bank branch should be recorded in the certificate issued to the students by the Educational institution after completion of course as that would make the employer of the student aware about the liability of the education loan beneficiary, facilitating recovery from him.

While discussing the KCC target for 2014-15, it was decided that the target for 2014-15 should be to provide new KCC to fifteen lac farmers and amount-wise 50% of the crop loan potential, as per PLP, should be for new and renewal of KCC each.

3. COVERAGE OF UNBANKED VILLAGES WITH POPULATION BETWEEN 1600 TO 2000

Out of 3052 unbanked villages with population between 1600 to 2000, Banks had, so far, reported coverage of 2931 villages.

The remaining villages were mainly to be covered by the following Banks: CBI (5), UCO bank (75), Allahabad Bank (5) and Bank of India (29). These Banks were requested to complete the task at the earliest.

4. COVERAGE OF VILLAGES WITH POPULATION BELOW 2000

Upto March'2014, 9294 villages had been covered out of 11403 villages scheduled for coverage upto March'2014.

As RBI was closely monitoring the progress made by Banks in this regard, the Banks were requested to achieve their year-wise target to complete the coverage of overall target within the stipulated timeline. Banks were advised that shortfall in achievement of target for the year 2013-14 automatically gets carried forward and gets added to their target for 2014-15.

5. ALLOTMENT OF WARDS AMONG BANKS

All Banks having Lead Bank responsibility were requested to ensure that in the urban area centers having municipality/Notified Areas, the allotment of wards among banks by their respective LDMs is completed at an early date so that the account opening and other banking activities of the people is facilitated. In this regard in 15 districts (Sitamarhi, Sheohar, Vaishali, Gopalganj, Muzaffarpur, Madhubani, Samastipur, East Champaran, West Champaran, Siwan, Saran, Purnea, Madhepura, Supal and Araria) the allocation of wards among Banks had been reportedly completed by the LDMs. However Bank wise names & number of allotted wards was yet to be received by the SLBC. All Banks having lead bank responsibility were requested to get the allocation of wards completed through their LDM and send the detailed list to SLBC at the earliest. Name of ward with the name of Bank to whom allotted should be provided by each LDM to the SLBC and the lead responsibility Bank should ensure this.

6. DIRECT BENEFIT TRANSFER (DBT)

Installation of ATM at the branches by the RRBs had not yet taken place. The Regional Rural Banks (RRBs) were requested to establish ATMs in the three DBT implementing districts at an early date. However RRBs were issuing ATM Cards and the facility of ATM was as such available to the customers of RRBs also.

7. FINANCIAL LITERACY

In the light of RBI guidelines on conducting monthly Financial Literacy Camps by all rural branches, Banks were requested to ensure that their all rural branches conduct at least one financial literacy camp every month. The RRBs advised that they have also opened one financial literacy centre in each district except three districts under MBGB jurisdiction and these were also conducting 2 camps each every month. All Banks were requested to furnish the information on the financial literacy initiatives taken by their rural branches and financial literacy centres to SLBC on quarterly basis along with SLBC data.

The Financial Literacy Diary, Guide and Posters had been distributed to all the stakeholders for their use. All were requested to ensure that these are properly utilised during F.L.Camps.

8. MISCELLANEOUS:

A) Clearing House:-

The House was of the view that at centres having presence of minimum 5 banks opening of Clearing House could be considered. However with the increasing use of NEFT, RTGS, Online Banking etc. opening of Clearing Houses at such centres may not be at all required.

B) Furnishing of SLBC Data:-

The SLBC data should be properly furnished without leaving any column blank by the Banks and within stipulated timeline. Data submission to RBI and GoB gets held up due to delayed generation of SLBC reports if there is delay in submission of data by banks.

c) Uploading of minutes on SLBC website:-

It was suggested that minutes of SLBC sub-committee meetings should also be uploaded on the website of SLBC, for ready reference of all concerned.

The Assistant General Manager, SLBC thanked all participants for fruitful discussions on various issues and requested for early compliance of all the necessary instructions of GoI, GoB & RBI.

ACTION POINTS OF 22nd MEETING OF SLBC SUB-COMMITTEE ON BRANCH OPENING & IT-ENABLED FINANCIAL INCLUSION HELD ON 25.06.2014

Sr. No.	Action Point	Action to be taken by
1	The concerned Banks to complete the task of coverage of villages with population from 1600 to less than 2000, at the earliest.	UCO Bank, Allahabad Bank, Bank of India, Central Bank of India
2	Under un-banked villages with population below 2000, Banks to achieve their year-wise target, to complete the coverage of overall target within the stipulated timeline.	Concerned Banks
3	In urban area centres covered under Municipality/ Notified areas, distribution of wards to be finalised and approval of the same obtained in DLCC meetings.	All Banks having Lead Bank Responsibility
4	Issuance of ATM cards to all eligible beneficiaries and coverage of unbanked SSAs with banking facilities in all districts to be completed at the earliest.	All Banks
5	All Banks including RRBs to ensure that their rural branches organise monthly financial literacy camp and also utilise the financial literacy materials in the camp.	All Concerned Banks
