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**STATE LEVEL BANKERS’ COMMITTEE, BIHAR**

**[ Convenor : SBI ]**

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**36th meeting of SLBC Sub-Committee on SHG & RSETI**

**DATE : 16.06.2021 TIME : 11:30 PM THROUGH VC**

MINUTES

The 36th meeting of SLBC Sub-Committee on SHGs and RSETIs was held on 16.06.2021 through video conferencing. It was chaired by Shri Vishal Saxena, Deputy General Manager,SLBC,Bihar and was attended by officials from Rural Development Department, Finance Department, Urban Development and Housing Department, Govt. of Bihar, JEEVIKA, SULM, RBI, NABARD and member banks. The list of participants is attached as Annexure-I.

The Assistant General Manager, SLBC welcomed all the participants to the VC meeting of the SLBC Sub-Committee on SHGs and RSETIs. He read out the listed agenda items for the information of all members and requested the Chair to address the members.

**SELF HELP GROUPS { SHGs }**

Shri Vishal Saxena , Deputy General Manager (Financial Inclusion), SLBC Bihar greeted all the participants and shed light on the importance of the meeting. He requested Shri Balamurugan D. , Secretary , Rural Development and CEO, JEEVIKA to address the SLBC Sub-Committee. The opening remarks by Shri Balamurugan are summarized below:

(i) There are around 10.40 lakh SHGs in the State and more than 1 crore 20 lakh families are associated with them. We have a gap of 2 lakh SHGs ready for 1st credit linkage and enough number of completed applications have been submitted to bank branches for credit linkage and many more are in the process of completion. We have met bankers at all levels and they are very positive and supportive. Let us come together and achieve the target which is more than Rs 5000 crore of credit linkage during 2021-22.

(ii) There are a few issues which are pending for decision at SLBC level. This includes the long pending issue of increasing the loan amount in 1st, 2nd and 3rd credit linkage to SHGs.

(iii) When we will discuss RSETIs the focus will be on the districts where land has been allotted but construction work not started and where work is started what is the time line for completion.

Also, RSETIs need to deploy sufficient manpower and improve settlement ratio in line with Common Cost Norms.

Shri Mukesh Sharan, JEEVIKA representative, elaborated the agenda related to JEEVIKA as under:

**(A)** Around 80,000 loan documents have been submitted to various branches of banks and the same has been advised to their head offices as well. Let us dispose of these applications by 31st of July 2021 so that it is helpful in tiding over the Covid related difficulties. Presently the overall repayment percentage is 97.50%.

**(B)** Similarly, around 30,000 Savings Bank Account opening forms of SHGs have been submitted to bank branches and if these accounts are opened promptly the linkage process will also start early.

**(c)** There are many bank branches which are transferring the loan amount to the SB accounts of SHGs without their consent. This practice should be discontinued.

**(D)** There are some banks which have more than one independent control centres. For better understanding and implementation, controlling heads of different zones be requested to jin the meeting of this Sub-Committee.

**(E)** Banks should advise their branch functionaries to attend meetings held by JEEVIKA functionaries to facilitate better recovery and sorting out issues related to SHGs at block and district level.

**(F)** Adequate stationery related to SB account and loans should be made available at the bank level for supply to its regional Centres / Branches and also to Head Quarter of JEEVIKA.

**(G)** Prompt issuance and updating of Pass Book of SHGs should be ensured by bank branches.

(h) Banks are requested to consider to provide opportunities to the maximum possible extent to the SHG members to work as Bank Sakhis (Business Correspondent Agents). JEEVIKA has made written request in this regard to all banks. Presently around 1900 Bank Sakhis are working. Banks, especially Public Sector Banks, are requested to invite JEEVIKA also in the meetings being held with their corporate BCs to impress upon them for considering JEEVIKA beneficiaries as CSP operators. This will help increase women participation in financial services and will improve gender equality. DGM (FI), SBI told that for SBI he will ensure it and requested other member banks to extend necessary cooperation to JEEVIKA in this regard.

**(I)** Though banks have enabled dual authentication in Savings Bank account, they should enable this for SHG Loan Accounts also. JEEVIKA has also sent formal letters to banks in this regard.

**(J)** The loan limit for 1st, 2nd, 3rd and 4th credit linkages to SHGs should be enhanced.CEO JEEVIKA told that it is a long pending issue. Many banks are already financing 7 / 8 lakhs as 3rd dose but there needs to be an uniformity across the banks. NABARD representative told that this is the correct forum to decide the issue and enhancement in loan amount will increase the average SHG loan ticket size. SBI representative told that they have already a corporate circular based on RBI circular and will do enhanced financing subject to submission of micro credit plan required as per the circular. Representatives of other major banks like PNB, CBI, Canara Bank, Bank of Baroda also confirmed that regarding 3rd dose to SHG they are following RBI guidelines. So it was resolved anonymously that for credit linkage of 3rd and 4th doses banks will abide by RBI guidelines contained in their Master Circular for DAY-NULM RBI /2021-22/5 FIDD. GSSD. CO. BC. No. 04/09.01.01/2021-22 dated 01.04.2021. Banks will issue guidelines accordingly to their operating functionaries.

**(K)** Shri Sharan told that SHGs are having problem in renewal of loan limits with SBI as the banks requires the entire amount of Cash Credit repaid every year for further renewal of limit whereas JEEVIKA has advised groups to repay the loan in 24 to 36 months. The matter has been referred by SBI to their Corporate Office and by JEEVKA to the Central Govt. and already one round of meeting has been conducted between them at New Delhi. Since both – SBI and JEEVIKA – are very positive towards the issue it is hoped that some resolution will happen soon.

**(L)** Considering the testing times during the Covid and its attendant impacts on economic scenario, restructuring was allowed by RBI in MSME and Agri and sector allied to Agri. This should be extended to SHGs also. RBI representative told that the RBI restructuring of Covid hit loans guidelines 2.0 presently does not cover farm sector, however, this has been noted as input from JEEVIKA.

**(M)** Four hundred cluster level federations have been created at block level out of 1200 blocks. JEEVIKA follows community based recovery mechanism and their ground level functionaries hold regular monthly meetings with SHGs. Banks are requested to instruct their branch functionaries to participate, at least for one hour, in these meetings as it provides a big opportunity to interact with existing and prospective borrowers besides strengthening recovery efforts. DGM (FI), SLBC requested that JEEVIKA ground level functionaries should also communicate, well in advance, the dates of such meetings to the branches.

**(N)** Bank Sakhis are facing difficulties at bank branches in opening Current Accounts. Also, wherever Bank Sakhis are opening accounts these are treated as business accounts and TDS is charged when cash withdrawal exceeds Rs 20 lakh. Banks are requested to open accounts of Bank Sakhis under BC code so that the TDS is not chargeable. This will help Bank Sakhis in curbing their expenses. UCO Bank representative told that TDS is chargeable on cash withdrawal from all types of current accounts whenever it crosses the threshold limit. However, as per Income Tax Rules, if declaration in form 194 (N) is submitted by the account holder, deduction of TDS is exempted. DGM (FI), SLBC requested member banks to see that current accounts of Bank Sakhis are opened hassle free and TDS is not deducted in accounts which submit form 194(N).

**(O)** DGM (NABARD) told that SHGs are being provided interest subvention and additional interest subvention of 3% for prompt repayment. However, this facility is available for SHGs located only in 17 selected districts of the State and remaining 21 districts are deprived of this benefit. JEEVIKA may look into if this facility can be extended to the 21 remaining districts also from the State Govt. exchequer, the estimated expenses for which may be around Rs 8 to 10 Crores. CEO JEEVIKA said that this is a good suggestion and has been noted by JEEVIKA for further action. It was also decided that banks should advise SLBC whether they are providing the interest subvention upfront or back ended in these said 17 districts.

**(P)** DGM (NABARD)told that NABARD **supports** Skill and Livelihood Development and Livelihood Programmes. This year NABARD has a budget for25 Micro Enterprise Development Programmes and 16 Livelihood Enterprise Development Programmes. Also there is a fund of Rs 1 Crore for LWE districts. CEO JEEVKA expressed his happiness over such support from NABARD and told that they will initiate necessary step in this regard.

**RURAL SELF EMPLOYMENT TRAINING INSTITUTES {RSETIs}**

**(I)** The overall settlement ratio of RSETIs in the State is around 12-13% which is a matter of concern. This can be addressed by evolving a mechanism wherein RSETI trained candidates are provided with bank loans at the RSETI itself with a provision for enhancement of loan limits in the future. SBI representative told that for SBI RSETIs the settlement ratio is 74%. JEEVKA representative said that it was correct but he was talking of overall settlement ratio of banks.

**(II)** The Secretary (Rural Development) -cum-CEO (JEEVIKA) expressed his concern over non-commencement of construction of RSETI buildings and non-shifting/ non-functioning of RSETIs in completed buildings. The response made by banks in this regard are summarized below:

**(a) PNB :-** Land not finalized at Patna. Construction not started at Gaya for want of Fire NOC. , Land has been taken back by Nawadah district administration due to delay in commencement of building construction. For Lakhisarai proposal has been submitted to Corporate Office and approval is awaited.

**(b) UCO Bank :-** Construction has not started at Munger.

**(c) Union Bank of India :-** As no contractor responded to the 1st tender, fresh tender has been floated for RSETI building at Samstipur. State Director (RSETIs) told that district Khagaria district administration was asking for land revenue charges / payments for allotting land. He has taken up the matter with them and it stands resolved. Now further action is pending at Union Bank, Bhagalpur, Zonal Office.

**(d)** Secretary (Rural Development)-cum-CEO (JEEVIKA) told that his concern is that wherever construction of RSETI building has not started, it should start with no further delay and wherever construction has been completed, the RSETI should shift and start functioning thereat.

**(e)** State Director RSETIs told thatBanks should keep their RSETIsin prioritylist and post adequate staff and become CNN compliant at the earliest possible. Except SBI sponsored RSETIs no RSEI is CNN compliant.

**National Urban Livelihood Mission [ NULM]**

Shri Arbind Kumar Jha , Joint Secretary, Urban Development and Housing Department (UD & HD) mentioned following points in his speech:

(a) The department is currently running three credit linked self employment programmes. The first one is Self Employment Programme (Individual). Under this programme 2208 applications have been sourced , 989 applications have been sanctioned and 1219 are pending. Banks are requested to expedite disposal of applications.

(b) The second programme, is the SHG Bank Linkage Programme . Total 1803 applications have been sourced, 833 have been sanctioned and 970 applications are pending. Just a little more focus on disposal will improve the performance under the scheme.

(c) PM SVANidhi is a flagship programme launched by Govt. of India and it is being monitored from highest level – the PMO. This has especially been designed to help the poor street vendors who have lost their livelihood / working capital due to Covid-19.

The target for Bihar under this scheme is 1,20,000. On portal, there are 1,00,019 applications and out of them 44,493 have been sanctioned which takes our achievement to 44%. However, only 28,414 applications have been disbursed. So, we need to speed up both processes - sanction and disbursement so that more and more beneficiaries are benefitted. We will work in more close coordination so that a good figure is achieved.

(d) One issue under UD&HD SEP is that applications are generated by task force by investing good amount of time and effort. However, many applications are returned or rejected by banks after much delay. Banks are requested to take a decision on these applications in a time bound manner. It would be better if bank representatives also participate in the task force.

(e) If a check list is prepared and provided, it would be very helpful in generation of applications.

DGM (FI), SLBC requested all participants to take cognizance of the points raised by UD & HD and take necessary steps to address them. He thanked all the participants for meaningful participation in the meeting and expressed hope that the Sub-Committee will be able to take forward issues deliberated upon. The meeting , thereafter, was concluded.

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ACTION POINTS

1. The Savings Bank accounts pending for opening with banks should be attended to on priority and pendency (as of 16.06.2021) should be zeroised. [Action : All Banks]

2. Banks to expedite, on priority basis, disposal of all credit linkage proposals of SHGs pending with them. [Action : All Banks]

3.The disbursement of loan and crediting the same to the Saving Bank account should be made only at the request of the concerned SHG. [Action : All Banks]

4.Sufficient stationery ( Savings Bank Account Opening Form &. Loan Application Forms) should be made available to JEEVIKA. [Action : All Banks & JEEVIKA]

5. Banks should hand hold the bank Sakhis in opening Current Account and prompt them for submitting Form 194(N) to claim non deduction of TDS. [Action : All Banks]

6. Banks should tweak their systems to allow dual authentication in SHG loan accounts.

 [Action : All Banks]

7. Banks to examine and implement issuance of cheque books in Cash Credit accounts of SHGs within RBI guidelines / individual banks’ policy in this regard. [Action : All Banks]

8. Banks may invite JEEVIKA in the meeting they hold with their Corporate BCs enabling JEEVIKA to interact with them and explore opportunities for deployment of Bank Sakhis.

 [Action : All Banks]

9. Banks to comply with RBI circular instructions relating to quantum of loan to SHGs at 3rd and 4th stages of credit linkage. They should communicate clear instructions to their branches / operating functionaries for their guidance and compliance in this regard. [Action : All Banks]

10. Branch functionaries to attend block level meetings convened by JEEVIKA functionaries for better coordination / recovery . JEEVIKA should intimate the meeting date / venue branches well in advance to the branches. [Action : All Banks & JEEVIKA]

11. RSETIs should strive to improve settlement ratio and CNN compliance. [Action : All Banks]

12. Wherever construction of RSETI building has not started, it should start and wherever construction has been completed, the RSETI should shift and start functioning thereat.

[Action : All RSETI sponsoring banks]

13. Banks to dispose off all SEP loan applications under NULM on priority basis.

 [Action : All Banks]

14. The PM SVANidhi applications pending for sanction and disbursement should be cleared promptly. Beneficiaries should be intimated / taken to branches for documentation / disburse- ment. [Action : All Banks & UDHD]

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