

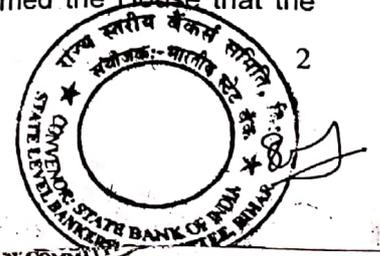
MINUTES OF
THE 40th REVIEW MEETING OF THE STATE LEVEL BANKERS' COMMITTEE, BIHAR
FOR THE QUARTER ENDED MARCH 2012 HELD ON 16th MAY, 2012

The 40th review meeting of State Level Bankers' Committee, Bihar was held on the 16th May, 2012 at Hotel Chanakya, Patna under the Chairmanship of Shri Nitish Kumar, Chief Minister, Government of Bihar. The meeting was also attended by Hon'ble Dy. Chief Minister & Finance Minister Shri Sushil Kumar Modi, Hon'ble Minister, Animal & Fisheries Resources, Shri Giriraj Singh, Minister, Urban Development & Housing, Dr. Prem Kumar, Minister, Cooperative, Shri Ramadhar Singh, Minister, Rural Development, Shri Nitish Mishra, Chief Secretary, Shri Navin Kumar, Chief General Manager, SBI & Convenor SLBC, Shri Jeevandas Narayan and other senior functionaries of the State Government and Banks and also by Director, DFS, GOI, Ms. Priya Kumar. The list of participants is enclosed as Annexure I.

Delivering the keynote address, Shri Jeevandas Narayan, Chief General Manager, State Bank of India & Convenor, SLBC welcomed the Hon'ble Chief Minister, Government of Bihar, Dy. Chief Minister & Finance Minister, Government of Bihar, the Ministers, senior functionaries of State Government and Banks, Representative of GOI and all others present in the meeting.

Congratulating the State Government for organising various activities on the occasion of centenary celebration of formation of the State, Shri Narayan assured the State Government of continued contribution of all banks towards development of the State.

The Chief General Manager briefly outlined the performance of the banks during the Financial Year 2011-12. He informed the House that during F.Y. 2011-12 all banks, taken together, recorded a deposit growth of 21.29% and advances growth of 24.95% which were much higher than 13% & 16.8% respectively posted by the banking industry in India. He also informed the House that the



Banks achieved 75% of their annual target of Disbursement under ACP during F.Y. 2011-12 while the achievement during 2010-11 was only 69%. In absolute terms it grew from Rs. 25551.56 Crores in F.Y. 2010-11 to Rs. 32415.92 Crores. Thus Y-O-Y growth of approximately 27% was registered in credit extended by the banks during the F.Y. 2011-12. In Agri Sector the disbursement grew from Rs.10667.49 Crore in F.Y. 2010-11 to Rs.14957.91 Crore in F.Y 2011-12 thereby registering an impressive growth of approximately 40% Y-O-Y.

Shri Narayan informed the House that the CD ratio of the State as on 31st March, 2012 stood at 36.70% which was 2.71% more than that of 33.99% as on 31st March, 2011. The incremental CD ratio recorded during F.Y. 2011-12 was 49.40%, which shows that the credit extension is on the right track. He requested the Banks to further push their lending activity in the current year, so that the CD ratio grows at a much faster pace.

Shri Narayan observed that the Annual Credit Plan target of Rs. 51400/- Crores set for F.Y. 2012-13 was quite challenging for the banks considering the fact that the target allocated was 159% of the amount disbursed by all banks in the State during F.Y. 2011-12. Shri Narayan called upon the Controlling Heads of all Banks to work towards 100% achievement of the target.

Regarding credit extension to KCC, Shri Narayan requested all Banks as well as the Agri Department, Government of Bihar to generate loan applications on continuous basis from all willing and deserving farmers. He also proposed that KCC melas should be organized in all districts in a more intensive manner which should also be visited by Senior Executives of the Banks.

Shri Narayan drew the attention of the House towards disposal of pending Certificate Cases. He observed that the list of top 10 defaulters in each district has already been handed over to the respective Senior Deputy Collector (Banking). He requested the State Government to bestow



attention towards disposing the cases so that the recovery of bank loans increases leading to recycling of funds for further lending.

Regarding extension of banking services to villages having population of 2000 and above by opening banking outlets thereat, Shri Narayan expressed with happiness that the task had been accomplished in 9177 villages and only 36 villages were left to be covered. He also observed that the most challenging task that lay before the banks at present was opening of Brick and Mortar branches by 30th September, 2012 in the un-banked villages having population of 5000 & above. In this connection, he informed the House that the concept of Ultra Small Branch (USB) has been stipulated by GOI for villages where Brick and Mortar branch is not viable and requested all Banks to ensure coverage of all such villages, at an early date.

Continuing his address, Shri Narayan urged all concerned to pay urgent attention for extending credit in 15 Left Wing Extremism (LWE) affected districts of the State so that the level of development of these districts is at par with all other districts. He also requested the State Government and bankers to move towards speedy implementation of EBT in the State. RBI was requested to play a coordinating role in this regard.

Mentioning the incidences of dacoity and kidnapping which had recently taken place at some of the bank branches, Shri Narayan requested the State Government to raise a special battalion of police for security of banks for which the Banks had even agreed to bear part of the expenses. Shri Narayan also requested the State Government to instruct all district administration to hold the quarterly meeting of District Level Security Committee (DLSC) with participation of senior police officials to discuss the bank security related issues in detail.

Concluding his address, Shri Narayan thanked the Chief Minister, the Dy. Chief Minister and their entire team for the unstinted support provided to the bankers and also reassured the State



Government, on behalf of all bankers, of continued commitment towards development of the State and in its unique growth story.

Thereafter, Shri Anupam Kumar Suman, Director (Banking), DIF, Government of Bihar made a presentation on "Bank Credit Status in Bihar - Achievement & Opportunities". The presentation covered functioning of banks under various heads including Financial Inclusion, ACP achievement, CD Ratio, Opportunities in Agriculture & Allied sector, Progress under KCC, Dairy, Fishery, Poultry, Farm Mechanization, BIGWIS, Education Loan, need for opening of new Clearing Houses in Subdivisions, etc. The presentation stressed on opening of 1727 brick and mortar branches by September, 2012 by banks as that would help to improve the Bank population ratio in the State.

The House was then addressed by Shri Sushil Kumar Modi, Dy. Chief Minister & Finance Minister, Government of Bihar, who congratulated banks for financing around Rs. 32000/- Crores in the State during F.Y. 2011-12. He observed that while some banks had performed better by achieving 90% and above of ACP target, the performance of many banks was found wanting. Similarly, performance of the districts also showed large variations. He remarked that if banks intensify efforts towards monitoring of non-performing districts and branches, the better performance could be achieved in all districts and by all banks.

Shri Modi suggested that for improving the functioning of BCs, the BC model needs strengthening and transformation from delivery model to business model. He pointed out that while accounts had been opened at many places, smart cards have yet not been provided, resulting into lack of transaction in the account. He was of the view that all types of transactions viz. savings, credit & remittance should be done through BC and regular monitoring and reviewing of performance of BCs should be done. Shri Modi suggested that Vasudha Kendra could also be utilized by banks for promoting BC model at panchayat level. He urged banks to open branches in the unbanked villages having population of 5000 and above in the State in a time-bound manner.



Shri Modi observed that loan application needed to be disposed within a reasonable time. For this checklist should be there for different types of loans and branches should provide acknowledgement against loan application received by them as per checklist. He reiterated that as KCC and Education loan were in the top priority list of the State Government, the banks should come forward to increase their financing in these schemes. In this regard, renewing of KCC, providing ATM to all new KCC holders and financing under JLG needed to be given special attention. Shri Modi also observed that banks, especially RRBs, should address the manpower problem existing in their branches. He hoped that banks will play the role of partner in progress of the State in future also.

Addressing the House, Shri Nitish Kumar, Hon'ble Chief Minister, expressed his happiness over participating in the first SLBC of the new F.Y. He remarked that there was lack of transparency at micro level and cases of corruption were brought before him during his visits to the districts. He observed that makers of lac bangles (lah ki churi) in Muzaffarpur district required small amount of money but they were not provided the same by the banks due to non-cooperation at micro level. Shri Kumar suggested that banking service should be included in Citizen Charter and time frame for providing service should be fixed which will improve delivery of services. He further suggested that Controlling Heads of banks should encourage the performers by rewarding them and imposing penalty/punishment on non-performers.

Shri Kumar suggested the senior Bankers to listen to the people at the micro-level i.e. branch staff as also customers and take action for redressal of the grievances. This included providing adequate number of staff at branches as also taking proper action on complaints received including action against the guilty officials/staff.

Shri Kumar suggested holding of credit camps for providing Education loan to students. Shri Kumar remarked that banks were charging interest over subsidy amount in case of the SCSY loan, instances



of which were brought to his notice during his Sewa-Yatra of Kaimur District. The application of interest on subsidy portion of SGSY loan should be stopped forthwith and the interest so far applied need to be refunded to account holders. Shri Kumar advised that SHGs were functioning properly in many areas and banks should come forward to provide them financial support in such a manner that their interest burden is minimized. Cash Credit in place of Term Loan should be provided as per the borrowers' requirement.

Regarding finance to BIGWIS, he remarked that all credit limits need not be clubbed for collateral security purposes and RBI should look into the matter. He further remarked that even after completion of 3 years of the BIGWIS scheme, the achievement was only 15%.

Shri Kumar observed that due to difficulties faced in opening of accounts of beneficiaries, some schemes have been withdrawn from the banks. He exhorted bankers to facilitate opening of accounts so that bank linked schemes could be properly implemented. For speedy clearing process of cheques, Shri Kumar suggested that Clearing House be opened in all Sub-divisions of the State.

Shri Kumar stated that 70% population of the State depends on Agriculture. As such, Agriculture Road Map had been prepared for the State for improving Agriculture related ventures/infrastructure etc during the next 5 years. He requested the bankers to evolve their own strategy for contributing to the Road Map. For this, he suggested that a workshop should be organized by the State Government functionaries on the Agri Road Map of the State to create awareness amongst the bankers on the same. Subsequently in a special SLBC meeting to be called for the purpose bankers should dwell upon and to evolve their scheme/programme for contributing in the Agri Road Map of the State. If need be, he remarked that the Agri Road Map can also be fine tuned accordingly.

Concluding his address, Shri Kumar assured that security related need of bankers would be firmly addressed and all necessary steps would be taken in this regard. He stated that the State



Government would soon organise a meeting with Banks in which DGP and the Chief Secretary of the State would also participate for redressing the security related issues of Banks.

While proposing a vote of thanks at the conclusion of the 1st session of the SLBC meeting, the Chief General Manger, SBI, Shri Jeevandas Narayan thanked the Hon'ble Chief Minister Shri Nitish Kumar for participating in the SLBC meeting and reiterated the commitments of the banks to meet the expectation of the State Government. He also assured the Chief Minister that required focus will be given on micro management and informed the House that SBI has already undertaken the task of arranging video conference facility with branches. He also assured the Chief Minister that the workshop and special SLBC meeting for Bankers' contribution in the Agri Road Map of the State will be organized within a month.

Some LDMs and SDCs (Banking) shared their views on various issues affecting performance of the banks in the districts. LDMs expressed their concern over non-clarity in the status of SGSY scheme, non-issuance of proper LPCs by Circle Officers, forwarding of PMEGP applications to wrong branches, un-realistic project report in PMEGP scheme etc. While SDCs (Banking) stated about lack of uniform criteria in Education Loan, non-participation of bankers in camps, not providing acknowledgement to applicants etc. In this regard, LDMs & SDCs (Banking) gave a few suggestions viz need for organising camps for Education loan, complete information to be provided in LPC, Certificate cases to be disposed off for reduction in NPA and Project Cost related to Government Sponsored Scheme should be realistic.

Secretary (Agriculture), opined that for KCC upto Rs. 50,000/- banks should not insist on LPC considering the small amount of loan, especially in view of the goal of providing KCC to all. The Secretary (Land Revenue) informed the House that in 12 districts, the land records will be made online very soon and banks will also be given access to the same. The Regional Director, RBI stated that for ensuring the end use of the funds, the banks needed LPC so that the land ownership of



farmers could be ascertained. The Chief General Manager, NABARD stated that LPC was required for providing KCC as no waiver in obtaining LPC was laid down in the latest circular of RBI on KCC dated 11th May, 2012. He also enumerated a few important points in the latest circular on KCC as under:

- i. KCC should be converted to Smart Card.
- ii. KCC repayment should be made available through POS, ATM, Mobile Banking etc.
- iii. Banks should provide option for KCC in their ATM.
- iv. KCC limit to be provided for 5 years.

Some Bankers stated that the system of obtaining affidavit was applicable in case of providing KCC to tenant farmers/oral lessees etc. They also raised the problem of fake LPC being received by them at the branches. The Dy. Chief Minister observed that few cases of fake LPCs should not result into general slowdown/non-providing KCCs on the basis of LPC. He also suggested that bankers should not insist for LPCs in case where KCC loan amount was not exceeding Rs. 50,000/-. The House then decided that in order to provide convenience to the small farmers for KCC upto Rs. 50,000/-, the banks should not insist on LPC and alternatively they should take affidavit and the current rent receipt for the same. It was decided to have a meeting of bankers, NABARD and State Government functionaries shortly to discuss the issue and arrive at an acceptable solution so that the aim of providing KCC to all eligible farmers could be achieved at an early date.

Shri A.K.Sinha, Development Commissioner, observed that generation of KCC application would be undertaken by government functionaries throughout the year. Secretary, Agriculture, Dr. N. Vijayalakshmi desired that banks should increase their presence in Agriculture Camps being organized every month at Block Level. The Dy Chief Minister desired that NABARD, SLBC & Agri Department, GoB should sit and workout the Roadmap for financing KCC throughout F.Y. 2012-13. Reviewing the district-wise ACP performance, it was observed that the ACP performance of some districts viz. Buxar, Gaya, Banka, Gopalganj, Araria, Kishanganj & Siwan was not satisfactory. By



hearing the LDMs as also the reasons assigned by them for the poor performance, Shri Modi observed that LDMs should have come duly prepared with the issues affecting their district. Shri Modi suggested that three years data should be provided in case of ACP achievement district-wise to enable better review of performance of districts.

Reviewing the performance of banks under ACP 2011-12, the Deputy Chief Minister pointed out that the performance of Central Bank of India, Allahabad Bank, UCO Bank and Madhya Bihar Gramin Bank (MBGB) was not satisfactory. The Controlling Head of these Banks were advised to review the performance of poor performing branches and take corrective steps so that the performance improves in future. The Zonal Manager, Central Bank of India stated that the Bank's drive to control NPAs is the main reason for less achievement of ACP target by branches. The Secretary (Finance-Expenditure), Shri Mihir Kumar Singh advised that the actions should be taken against those branches whose ACP achievement was poor. He also stated that acknowledgement of loan application should be provided to all applicants. Shri Singh further suggested that LDM should allocate branch-wise ACP target within 15 days so that the branches start making efforts towards achievement of the same. Shri Modi advised the Controlling Head of banks to ensure that all applicants of the loan are given proper acknowledgement of the loan applications. He also suggested that Controlling Heads of banks should review the Branch-wise ACP achievement and take corrective steps wherever required for improving performance of the branches.

Shri Giriraj Singh, Minister-Animal & Fisheries Resources, expressed his displeasure over below par performance of Banks under Dairy Entrepreneurship Development Scheme (DEDS). He observed that still many bank branches were raising the issue of Service Area Concept with regard to financing under DEDS, which is not correct and requested the Controlling Heads of all Banks to suitably instruct their Branches, so that financing under Dairy takes off. He informed that within few days, the subsidy would be released to all loans sanctioned under DEDS. Shri Singh suggested that financing of 2 calves under DRI scheme is possible and it will enhance dairy financing to the poor at a very low cost



and will also increase the DRI portfolio of the banks which is well below the benchmark of 1%. He also suggested that financing of poultry, piggery & goatery should also be done under DRI scheme. Regarding Fishery, Shri Singh informed that the subsidy amount has been increased from 20% to 40% in case of digging of ponds. He praised SKGB and Dena Bank for doing good job in financing to fisheries sector. He urged the Bankers to finance for pond digging, feed mill and hatcheries to boost the fishery sector. Dr. N. Vijayalakshmi, Secretary, Agriculture suggested that if Allied Agriculture Activity was brought under MSME sector, there would not be the requirement of any collateral security for granting finance to the sector upto Rs. one crore.

Dr. Prem Kumar, Minister, Urban Development & Housing, informed that 50,000 urban poor people would be given training in the current F.Y. 2012-13 under SJSRY and requested banks to provide financing under SJSRY scheme to the trained persons whose applications are pending/being sent to the branches.

Shri Ramadhar Singh, Minister, Cooperative, suggested that all the crop loans should be covered under crop insurance. He drew the attention of the House that crop insurance claims are not being timely credited to the beneficiary's account at some branches. He suggested that excess interest applied in the beneficiary's account, due to delay in crediting of the crop insurance claims, should be refunded. Shri Sushil Kumar Modi, Deputy Chief Minister and Finance Minister, Government of Bihar suggested that the claims of agriculture crop insurance should be credited into the beneficiary's account within 15 days of receipt of claim and no interest should be charged in the loan account of borrowers on the claim amount, for the period beyond 15 days till date of credit and if such interest amount has already been applied, it should be refunded to the beneficiaries. Shri Modi instructed SDCs (Banking) to verify some cases in their respective districts.

The Secretary, (Cooperative) observed that target given to Cooperative Banks was very high and requested that it needed to be relooked. Shri Mihir Kumar Singh, however, stated that the



Cooperative Banks should have represented as done by RRBs. He also added that for F.Y. 2012-13, the target of the Cooperative Banks has only been marginally increased.

Shri Nitish Mishra, Minister, Rural Development, informed the House that tentative date for organising camps for opening accounts of beneficiaries under Indira Awas Yojana has been fixed at 7th July, 2012. He remarked that banks should ameliorate the problems of IAY beneficiaries faced by them during withdrawal of money from their accounts. Shri Mishra also requested banks not to open Savings Bank account of IAY beneficiaries unless written request of BDO was received in this regard, as otherwise, opening of account was treated by the people as eligibility for getting IAY benefit and avoidable pressure is built on government functionaries. He further remarked that R-SETIs were not visible at some districts. Shri A.K. Choudhary, CEO, BRLPS stated that workshop on RSETIs has been organized for 3 days at Muzaffarpur. Shri Choudhary informed the House that the implementing agency of NRLM in Bihar was JEEVIKA. He remarked that in case of SGSY loan where subsidy amount has been received, the banks should disburse the remaining amount of sanctioned loan. Shri Modi suggested that accounts of beneficiaries of Indira Awas Yojana should be opened by Banks and the withdrawal of the IAY amount should be hassle-free. He also desired that Camps (Shivirs) should be organized for opening accounts under India Awas Yojana.

Shri Navin Kumar, Chief Secretary, Government of Bihar remarked that Brick and Mortar branches should be opened in all un-banked villages having population of 5000 and above by 30th September, 2012. He suggested that banks should draw proper schedule for covering all such 1727 villages in time. He also suggested that Clearing House should be opened at all Sub-Divisional Headquarters of the State for faster disposal of clearing of cheques. Shri M.K.Singh, Regional Director, RBI advised the House that there were certain guidelines specified for opening of Clearing House and these will have to be complied with while opening of the Clearing Houses. He stated that as per eligibility of centres, the process towards opening of Clearing Houses is being looked into by the RBI. Shri Singh, further stated that on EBT, there was a need for the State Government to move ahead and decide the



amount payable by them to the banks, on mutual consent basis, so that the implementation of EBT in the State takes place.

Dr. D.V.Deshpande, Chief General Manager, NABARD, requested the House to ratify the target of issuing 15 lacs new KCCs and renewal of 12 lacs KCCs for F.Y. 2012-13 proposed by NABARD. He also informed that NABARD would organize a meeting of Banks, SLBC and JEEVIKA for holding discussion on unresolved issues regarding signing of MOU between Banks and JEEVIKA to saturate the 15 LWE districts with SHGs of the State. He also stated that letter from State Government was awaited regarding confirmation of continuation of BIGWIS scheme for the next two years. He requested the State Government to advise on the same at an early date. Dr. Despande suggested that Banks should timely claim interest subvention for prompt repayment in KCC accounts.

Shri A. Santhosh Mathew, Principal Secretary, Rural Development Department suggested that drive should be started for opening of accounts by banks so that formalities/documents in this regard are obtained and accounts are opened expeditiously. He also suggested that all Banks should report the data regarding duly acknowledged applications received by them under Government Sponsored Schemes to SLBC, so that the position in this regard could be reviewed. He also suggested that applications received should be entered into CBS so that tracking of applications becomes possible.

Shri Alok Kumar Sinha, Principal Secretary, Industries, intimated the House that Banks have issued only 5 Weavers Credit Card (WCC) during F.Y. 2011-12 despite sponsoring of a large number of applications. Shri Modi suggested that the data related to WCC should be provided from next SLBC meeting.

Ms. Priya Kumar, Director, DFS, GOI & Nodal Officer for the State of Bihar, suggested that Ultra Small Branch (USB) should be opened, where opening of a brick and mortar branch is presently not viable to cover un-banked villages having population of 5000 and above. These USBs are to be



ACTION POINTS

40th SLBC MEETING HELD ON 16th MAY 2012

1. Banks should put in concerted efforts to ensure achievement of targets set under ACP for FY: 2012-13.

(Action: All Banks)

2. KCC should be provided to all eligible & willing farmers of the State. Applications under KCC to be procured from all willing, eligible and non-defaulter farmers of the State. Registration Camp for "Registration of willing farmers for availing KCC" should be organized at all panchayats in the State.

(Action: Agri Deptt., GoB & All Banks)

3. KCC upto Rs. 50,000/- to eligible farmers should be provided on the basis of affidavit and current Rent Receipt and without insisting for Land Possession Certificate (LPC).

(Action: All Banks)

4. All the crop loans disbursed should invariably be covered under crop insurance. The claims of agriculture crop insurance should be credited into the beneficiary's account within 15 days of receipt of claim and no interest should be charged in the loan account of borrowers on the claim amount, for the period beyond 15 days from the date of receipt till date of credit. Such interest amount already applied should be refunded to the beneficiaries.

(Action: All Banks)

5. Banks should timely claim interest subvention for prompt repayment in KCC accounts.

(Action: All Banks)

6. ATM Cards/Smart Card should be issued to all eligible KCC holders.

(Action: All Banks)



7. Banks to participate in credit camps for providing Education loan to eligible students. Common Application Form, Eligibility Criteria & Checklist to be uploaded on the SLBC website.

(Action: State Government, All Banks, SLBC)

8. Interest on subsidy portion of SGSY loan not to be charged by Banks and it should be refunded, if already charged.

(Action: All Banks)

9. The status of continuation of SGSY and BIGWIS scheme during F.Y. 2012-13 to be clarified so that adequate steps could be initiated by all concerned in this regard.

(Action: RDD & Minor Water Resources Department, GoB)

10. Financing under SHG and JLG model to be given more impetus.

(Action: NABARD & All Banks)

11. Acknowledgement to be provided to applicants for loan applications submitted at the branches.

(Action: Banks)

12. The concerned Banks should put in concerted efforts for covering all the remaining 36 unbanked villages with population above 2000 by opening banking outlet thereat, at an early date.

(Action: The concerned Banks)

13. All Banks should put in concerted efforts for setting up Brick and Mortar branches in all the identified villages with population above 5000 by September, 2012.

(Action: All Banks)

14. The functioning/ conduct of CSPs of BCs should be monitored and reviewed at periodical intervals.

(Action: All Banks)

15. Appropriate steps should be initiated to address security related concerns of the banks.

(Action: State Government)



16. SDCs-Banking should be conferred the powers of Certificate Officer.

(Action: State Government)

17. Appropriate steps to be initiated by SDCs-Banking to dispose of the Top 10 Certificate Cases of each district.

(Action: SDC-Banking & State Government)

18. Opening of Clearing Houses at all eligible Sub-Divisional Headquarters of the State to be done at an early date.

(Action: Banks & RBI)

19. Modalities for effective implementation of EBT guidelines in the State to be finalized.

(Action: RBI, State Govt. & Banks)

20. State Government to ensure early computerization of land records and providing access to Banks as it would further facilitate bankers in granting of loan to farmers in a hassle-free manner.

(Action: State Government)

21. Signing of MOU between Banks and JEEVIKA to saturate the 15 LWE affected districts of the State with SHGs at an early date.

(Action: Banks, NABARD & JEEVIKA)

22. Workshop on Agri Road Map & Special SLBC for the purpose to be organized by June, 2012.

(Action: SLBC, Banks & State Govt.)

