

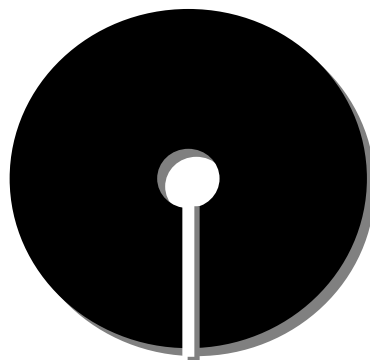
STATE LEVEL BANKERS' COMMITTEE, BIHAR

26TH REVIEW MEETING
AS ON 30th SEPTEMBER' 2008

VENUE: HOTEL CHANAKYA, PATNA

DATE: 25.11.2008

TIME: 10.30 A.M.



CONVENOR:

STATE BANK OF INDIA
LOCAL HEAD OFFICE
P A T N A

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**STATE LEVEL BANKERS' COMMITTEE
26th MEETING**

NOTES ON AGENDA ITEMS

AGENDA NO. I

**CONFIRMATION OF MINUTES OF THE
25th STATE LEVEL BANKERS' COMMITTEE MEETING
HELD ON the 21.08.2008**

The House may please confirm the Minutes of the 25th State Level Bankers' Committee meeting held on 21ST August 2008, and circulated to all concerned.

AGENDA NO. II

ACTION TAKEN REPORT ON THE 25th SLBC MEETING

ACTION POINTS

1. ACTION POINT: - All Banks should ensure 100 % achievement under the Annual Credit Plan 2008-09.

(Action: All Banks)

Action Taken: - As on September 2008, overall achievement under ACP 2008-09 stands at 27.93 %. Bank / District-wise performance is placed on **Page No -9 (A) TO 9 (F)**

2. ACTION POINT: - 100 % financial inclusion of the remaining 18 of 19 identified districts of the State should be completed by the end of current fiscal i.e. 31st March 2009. 100 % Financial inclusion of the State should be completed by the end of the 11th Five Year Plan, i.e., by 31st March 2012.

(Action: - all concerned Lead Banks & the Taskforce & SLBC)

Action Taken: - As on Sept 2008, only 75.78 % households in all the 19 identified districts have been financially included. The Sub-committee on financial inclusion met on 13.08.2008 and further in a follow-up meeting on 24.10.2008 It was resolved that those identified districts which have already achieved more than 70 % should strive for making it 100 % by the end of Dec 2008, and other remaining districts should endeavor to complete the task by the end of March 2009. Status Report as on September 2008 is placed on **Page No-11(A)**

3. ACTION POINT:-Every branch of all banks should adopt at least 5 villages of the area for achieving the target of 100 % financial inclusion in the State.

(Action: - All Bank)

Action Taken: - Controlling Heads of Banks have since issued instructions to all concerned for the purpose. However, all the Lead Bank Managers have also been advised to initiate action in this regard and to include "Financial Inclusion" as an agenda item for review in every DLCC meeting.

4. ACTION POINT: - A Seminar on financial inclusion will be organized in Oct'2008 in Patna. Deputy Governor of RBI may attend the same.

(Action: - RBI, SLBC & All member Banks)

Action Taken: - The said Seminar could not be organized due to some inevitable reasons. However, RBI intends to organize a high level seminar in the third week of January 2009. Further, a State Level Workshop on Financial Inclusion was organized by NABARD, Bihar on 29.09.2008, which was attended by the Principal Secretary, Finance, Govt. of Bihar ; CGM, NABARD ; CGM, MCID, HO, NABARD ; RBI representative, senior Bankers, Chairmen, RRBs ; representatives from Bihar State Cooperative Banks, MFIs and NGOs. Further on the 24th October 2008, a meeting of the Steering Committee under the SLBC, Bihar was held, in which Financial Inclusion was discussed among other issues such as relief measures being taken by Banks and SHG- bank account opening. Details are placed on **Page No-11**

5. ACTION POINT: - Rejection of education loans on flimsy grounds should be avoided. Rejection of applications under the scheme should be done at one level higher than the sanctioning authority level and there should be an exchange of information on all eligible institutions and it should be provided on the SLBC website also.

(Action: - All Banks & SLBC)

Action Taken: -. As regards rejection of applications under education loans, there has been decrease in number. Information on eligible institutions is regularly being provided by all Banks on their websites for the benefit of the students. Initiatives are being taken by the SLBC to put information on eligible institutions on its website, and the same will be available on the SLBC website shortly.

6. **ACTION POINT:** - With a view to reducing the hardship being faced by the students in obtaining education loans from different banks, LDMs of the districts will be the Nodal officer for education loans in the districts. In case of any difficulty or complaint, he will arrange for redressal of the same so that the students are not made to run pillar to post. Apart from this, each bank should also identify a Nodal Branch at District level where application-forms can be made available

(Action: - State Government & Banks)

Action Taken: - SLBC has since advised all the Lead District Managers in this regard. In addition, **General Information Forms** in sufficient number have been provided to them so that they may also facilitate generation of applications of the needy and meritorious students for different bank-branches. Not only the SLBC but also the concerned Lead Banks have already advised the LDMs to see to it that complaints about education loans are disposed off or redressed at the district level itself. We are pursuing the same with all the LDMs.

7. **ACTION POINT:** - All the eligible beneficiary farmers under the Agriculture Debt Waiver & Debt Relief Scheme, 2008 should be provided fresh loans.

(Action: - All Banks)

Action Taken: - In fact, the situation in the flood affected areas has started improving only after the 15th October '08, and the Banks have started extending fresh loans to the needy people. We expect considerable progress in the coming months.

8. **ACTION POINT:** - Banks should take appropriate relief measures in the flood affected areas and in the areas likely to be hit by floods

(Action: All Banks)

Action Taken: - Banks have since taken relief measures for the recently flood affected areas in the State. Details have been furnished on **Page No-12**

9. **ACTION POINT:** - District Level Co-ordination Committee (DLCCs) & Block Level Bankers' Committees (BLBCs) meetings should be attended by the senior functionaries of Banks viz, AGM, RM, ZM etc.

(Action: All Banks)

Action Taken: - SLBC have so many times reiterated the same to all the Controlling Heads of Banks. As advised to the SLBC by Banks, participation of Bankers at the required level in DLCC & BLBC has improved a lot.

10. **ACTION POINT:** - It should be ensured by Banks that there is least complaint regarding non-opening of bank-accounts in various schemes of the Government, viz, NREGA, Indira Awaas Yojna and the accounts of the school children under various schemes of the Government.

(Action: All Banks)

Action Taken: - All banks have since issued instructions to their branch level functionaries to ensure opening of bank accounts of the above segments without any hassle.

11. **ACTION POINT:** - Banks should pay special attention in opening of the accounts of SHGs.

(Action: All Banks)

Action Taken: - At SLBC Level, all Banks have been advised to take special care for opening of SHG Bank accounts. Banks are making the effort in this regard. However, in a steering Committee Meeting held on the 24th October 2008, opening of SHG-bank accounts was discussed and several important decisions were taken, which are detailed under **Agenda No-v on Page No-19**. As also on earlier occasions, all concerned agencies related to SHG movements were advised to bring to the knowledge of Concerned Banks the cases of Bank accounts not being opened by bank branches so that suitable corrective action could be taken.

12. ACTION POINT: - Banks should ensure to follow RBI guidelines regarding opening of No-frills accounts in a hassle free manner

(Action: All Banks)

Action Taken: - All Banks are conforming to the RBI guidelines on opening of No-frills accounts.

13. ACTION POINT: - Inter Institutional Mechanism should be strengthened at State Level as well as at district level to address the challenge for the development of the state.

(Action: All Banks)

Action Taken: - In order to strengthen the Inter Institutional Mechanism, an Inter Institutional Coordination Body at the State Level already constituted following the suggestion of the RBI Governor on his visit to Bihar on 18.01.2008, is represented by the Development Commissioner, Government of Bihar, the Regional Director, Reserve Bank of India, Regional Office, Patna, and the Chief General Manager, State Bank of India, LHO Patna. The Inter Institutional Coordination Body has so far met four times to discuss the problems and issues relating to Banks and the Government. At District level, DLCCs, DLRCs which are basically meant for inter institutional coordination are the best suited bodies. Any such problem relating either to Banks or to the Government should be discussed in their meetings.

14. ACTION POINT: - It should be ensured that no district of the State should have less than 30 % CD Ratio by the end of the current year.

(Action: All Concerned Lead Banks)

Action Taken: - There were 16 districts with C D Ratio below 30 % as on March 2008 in the State, but the number has gone up to 18 districts as on September '08. There are three districts namely Buxar, Gopalganj and Madhubani where C D Ratio has gone down marginally below the level as on March 2008, while Sheohar has raised the C D Ratio high above the level of March 2008. All Lead Banks concerned and also the District Administrations are requested to immediately look into the matter. In this connection, the Spl. Sub-committee on C D Ratio already formed in the Districts should immediately review their Action Plans and come out with more effective strategies to be implemented forthwith for improving the C D Ratio. We also advise the Controlling Heads of Banks operating in those Districts to instruct their Zonal / Regional Level functionaries invariably to attend all the DLCC Meetings convened in the Districts.

15. ACTION POINT: - Meetings of the Branch Managers with the Controlling Offices functionaries should be done in more effective manner so that the progress in respect of KCC, SGSY etc can be monitored.

(Action: All Banks)

Action Taken: - Banks have an effective administrative mechanism already in place for monitoring the functioning and progress of their branches under different activities including KCC, SGSY etc. Under the mechanism, controlling level Officers are regularly holding meeting with or advising the Branch Managers to take suitable steps for achieving the goals. However, Banks have been advised in this regard.

16. ACTION POINT: - Every branch should form at least one new farmers' club in the current fiscal

(Action: Banks)

Action Taken: - Banks are taking the initiative in this regard and so far 244 Farmers' Clubs have been formed during the year 2008-09. The total number of Farmers' Clubs formed by Banks so far in the State is 1690.

17. ACTION POINT: - Banks should implement Business Facilitator / Business Correspondent models on large scale. The use of technology should also be stepped up.

(Action: Banks)

Action Taken: -. All major Banks are utilizing the services of Business Facilitators in a very big way. Banks are also introducing / contemplating on introducing IT based smart cards/ biometric cards under technology initiatives for facilitating and increasing the outreach of banking in rural areas through Business Correspondent model.

18. ACTION POINT: - All the borrowers of KCC should invariably be covered under National Agricultural Insurance Scheme. The District Coordinator of the bank should ensure that the branches of their Banks are implementing the same.

(Action: DLCC & Banks)

Action Taken: - All concerned are taking action accordingly. However, SLBC is once again reiterating it to all Banks that all KCC borrowers should invariably be covered under National Agricultural Insurance Scheme not only for the benefit of the borrowers but also for the interest of Banks.

19. ACTION POINT: - All the Banks as well as the Lead District Managers concerned should ensure to achieve 100 % coverage under KCC in all the 12 identified districts of the State

(Action: All Banks & Concerned Lead Bank)

Action Taken: - Concerted efforts are being taken by all concerned to make the campaign a success. In this regard, Lead Bank Managers of all the identified districts are continuing their efforts for achieving the target. Meanwhile due to devastating floods, the campaign has been slowed down in Purnea and Saharsa districts. Bank / dist-wise Performance and other details are placed on **Page No20(A) & 20(B)**

20. ACTION POINT: - SGSY financing needs special attention of Banks to achieve the targets set for the current financial year and it should be ensured that all the applications should be disposed off within a reasonable time frame.

(Action: All Banks)

Action Taken: - Banks have recorded poor performance as on 30.09.2008 under the scheme, achieving only 14.43 % of the target. In the 12th meeting of the Central Level Coordination Committee (CLCC) of SGSY held on the 8th August 2008 at New Delhi, non-achievement of targets under SGSY by Banks caused concern for the Government, and Banks were advised to plan the disbursement of credit so as to achieve the targets in full. All the implementing Banks need to attach focused attention to the matter.

21. ACTION POINT: - PDR Act should be amended suitably

(Action: Government of Bihar)

Action Taken: - It is a very long standing demand of Banks which is yet to be met by the Government. During the SLBC meeting on November 19, 2007, the Hon'ble deputy Chief Minister of the State indicated that the necessary amendments are likely to be notified by December 2007. Hon'ble Deputy Chief Minister, Bihar is requested to do the needful in this regard.

22. All Banks should submit error free data of MSTP to NABARD at the earliest

(Action- All Banks)

Action Taken: - As informed by NABARD, submission of error free data in respect of MSTP is still pending with some of the Banks. The Banks concerned are advised to submit the data urgently..

23. Pending applications of fisheries, dairy, poultry etc with various Banks should be disposed at an early date.

(Action- All Banks)

Action Taken: The concerned Government Departments have provided the SLBC with the lists of pending applications relating to the above mentioned activities, and the SLBC has advised the same to all concerned Banks for taking suitable action. Banks have also been advised to intimate the concerned Government Departments the action taken in this regard.

24. The Government should facilitate the issuance of Land Possession Certificates (LPC)
(Action – Government of Bihar)

Action Taken: - The Government of Bihar has since instructed all the District Magistrates to ensure issuance of Land Possession Certificates to all farmers for the purpose of obtaining loans from Banks. However, in the High Level Meeting on KCC held on 06.11.2008 in the Chamber of the Development Commissioner, Bankers were of the view that Gram Shivirs are not taking place in most of the Districts.

25. Gram Shivirs may be utilised as a platform to prepare Land Possession Certificates (LPCs) & sponsoring of loan applications and also for distributing No Dues Certificates to the beneficiaries of Agricultural Debt Waiver & Debt Relief Scheme'2008.
(Action – All Banks)

Action Taken:- All Banks have since been advised to follow the advise in coordination with the Government functionaries.

26. Banks should ensure that the Gram Shivirs is being attended by the branch functionaries of the areas.
(Action – All Banks)

Action Taken:- Banks have suitably instructed all their branch functionaries to attend the “Gram Shivirs” without any fail. However, concerned Government Department is requested to bring to the knowledge of concerned Banks the absence of bank-official in the meeting so that concerned Bank may take suitable action against the erring officials.

27. Purity of data being submitted to the SLBC should be ensured
(Action – SLBC, All Lead Banks & the Controlling Offices of all Banks)

Action Taken:- We once again impress upon all Banks the need of furnishing the SLBC with correct and consistent data which forms the basis of review in SLBC Meetings attended by the apex level functionaries both from the Banks and the Government. It is therefore not only desirable but also mandatory that information and data must be correctly reported so as to understand, analyse and review the developments in a right perspective. From time to time, SLBC modifies the data-format for facilitating review as decided in the meetings, and every time well before the SLBC Meetings hard copies of the data-format are sent to Banks. The data-format has also been made available on the SLBC website. In this connection, Banks are also requested to ensure submission of data well in time since delay in submission of data delays the preparation of agenda papers of the meeting as well as circulation of the same amongst all concerned.

28. Decision taken at SLBC should be communicated to District Level / Branch level functionaries of various Banks.
(Action- SLBC, Lead Banks & Controlling Heads of the Banks)

Action Taken:- SLBC has already taken initiative and started to circulate the agenda papers as well as the minutes of the SLBC Meetings amongst all the Lead District Managers helping to keep them abreast with the decisions taken at SLBC Level,

29. Updation of SLBC website should be ensured and suggestion & complaints should find a place on the website.
(Action – SLBC)

Action Taken:- SLBC is on the job for ensuring updation and placing the above mentioned information on the SLBC website.

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## AGENDA NO. III

### REVIEW OF ACHIEVEMENT UNDER ANNUAL CREDIT PLAN 2008-09

The achievement of all Banks under the Annual Credit Plan 2008-2009 up to the quarter ended 30<sup>th</sup> September 2008 is as follows:

| BANKS       | TARGET (in cr.) | ACHIEVEMENT (in cr.) | % AGE |
|-------------|-----------------|----------------------|-------|
| Com Banks   | 13531.98        | 3986.55              | 29.46 |
| Co-op Banks | 982.72          | 97.16                | 9.89  |
| RRBs        | 2976.86         | 801.84               | 26.94 |
| Total       | 17491.56        | 4885.55              | 27.93 |

Sector-wise break-up of target and achievement of all Banks operating in the State is as under

| SECTOR      | TARGET (in cr.) | ACHIEVEMENT (in cr.) | %     |
|-------------|-----------------|----------------------|-------|
| Agriculture | 7075.73         | 2037.95              | 28.80 |
| Industries  | 1050.05         | 185.67               | 17.68 |
| OPS         | 3360.06         | 1009.68              | 30.05 |
| TPS         | 11485.84        | 3233.30              | 28.15 |
| NPS         | 6005.72         | 1652.25              | 27.51 |
| Total       | 17491.56        | 4885.55              | 27.93 |

ALL BANKS UP TO THE END OF SEPTEMBER'08 HAVE EXTENDED A CREDIT OF RS. 4885.55 CRORE. WHICH IS 27.93 % OF OVERALL THE TARGET UNDER THE ACP 2008-09.

BANK-WISE & DISTRICT-WISE POSITION FURNISHED ON PAGE NOS 9-A TO 9-F

Performance of Banks under ACP as on 30.09.2008 vis-à-vis Performance as on 30.9.2007

| Banks | 2007-08  |         | 2008-09  |         | 2007-08 | 2008-09 |
|-------|----------|---------|----------|---------|---------|---------|
|       | Target   | Ach     | Target   | Ach     | % Ach   | % Ach   |
| Comm. | 10239.71 | 2666.30 | 13531.98 | 3986.55 | 26.04   | 29.46   |
| Co-op | 687.48   | 188.96  | 982.72   | 97.16   | 27.49   | 9.89    |
| RRBs  | 2172.81  | 622.16  | 2976.86  | 801.84  | 28.63   | 26.94   |
| Total | 13100.00 | 3477.42 | 17491.56 | 4885.55 | 26.55   | 27.93   |

| SECTOR      | 2007-08  |         | 2008-09  |         | 2007-08 | 2008-09 |
|-------------|----------|---------|----------|---------|---------|---------|
|             | Target   | Ach     | Target   | Ach     | % Ach   | % Ach   |
| Agriculture | 4879.67  | 1230.29 | 7075.73  | 2037.95 | 25.21   | 28.80   |
| Industries  | 913.06   | 135.34  | 1050.05  | 185.67  | 14.82   | 17.68   |
| OPS         | 2687.64  | 750.13  | 3360.06  | 1009.68 | 27.91   | 30.05   |
| TPS         | 8480.37  | 2115.76 | 11485.84 | 3233.30 | 24.95   | 28.15   |
| NPS         | 4619.63  | 1361.66 | 6005.72  | 1652.25 | 29.48   | 27.51   |
| Total       | 13100.00 | 3477.42 | 17491.56 | 4885.55 | 26.55   | 27.93   |

The above comparative performance shows that the overall achievement as on 30.09.2208 is 27.93 % against 26.55 % during the corresponding period previous year, i.e., as on 30.9.2007.

Financing under different priority sectors this year has recorded higher percentage of achievement in comparison to corresponding period previous year, except financing under non-priority sector.

Under Bank-wise performance, Co-operative Bank has recorded much lower performance this year, and RRBs have also performed slightly below the percentage level previous year.

## AGENDA NO-IV

### EDUCATION LOANS

To help meritorious and needy students to meet the expenses on their studies not only in the State but also out side of the State and abroad, education loans are being provided by Banks under one of the most focused priorities in Bihar.

During the year 2008-09, loans amounting to **Rs.252.04 cr.** have been extended to **8582** students up to September 2008.

#### **BANK-WISE PERFORMANCE SO FAR IS PLACED ON PAGE NO-10 A**

The progress under education loan is being reviewed by the Development Commissioner along with the Regional Director, RBI; the Chief General Manager, SBI, and the Principal Secretary, Finance, Govt. of Bihar, since July 2008. The Inter Instructional Coordination Body under the Chairmanship of the Development Commissioner, Govt. of Bihar also in its periodical meetings with the Regional Director, Reserve Bank of India, Regional Office, Patna along with the Chief General Manager, State Bank of India, Local Head Office Patna, review and discuss financing under education loans in the State.

Following the decisions taken by the Inter Institutional Body in its 3<sup>rd</sup> meeting, SLBC, Bihar has advised all Banks to comply the following:

# Bank-branches to maintain Receipt & Disposal Register in respect of applications received under education loans, and the Register should be verified by Controlling Heads of Banks during their branch visits.

On the Basis of feedbacks received from Banks, the instructions are being complied with by Bank-branches.

# All Banks should make continuous efforts to publicize the facilities of education loans through advertisements in newspapers.

As advised to the SLBC, Banks are regularly displaying the salient features of the schemes at their branches, on their websites and also advertising the same in leading newspapers.

# All LDMs to facilitate redressal of complaints about education loans, at the district level itself in coordination with bank-branches.

State Level Bankers' Committee has since advised all Lead Bank Managers to follow the advices. Although identification of a Nodal Branch in each district by the concerned Lead Bank has been advised for providing education loans; yet there may be some cases where students having been disappointed with the Nodal branches may approach the Lead District Managers. In such cases, the Lead Bank Managers have been advised to obtain from the concerned students a **General Information Format** as devised by the SLBC and ratified by the House, and arrange for sending the same to the Bank-branches deemed suitable. For the purpose, SLBC, Bihar has already sent the **General Information Format** in sufficient number to all the Lead Bank Managers. In this connection, all lead Bank Managers are also to sensitize all bank-branches towards extending education loans to the needy and meritorious students without any hassle.

## **FINANCIAL INCLUSION**

As on the 30<sup>th</sup> September'2008, overall **75.78 %** financial inclusion has been completed in all the 19 identified districts in the State. Out of the 19 districts, only Sheikhpura has succeeded to complete 100 % financial inclusion.

### **DISTRICT-WISE PERFORMANCE AS COMPILED BY THE SLBC IS PLACED ON PAGE NO-11(A)**

A Sub-committee on financial Inclusion under the aegis of SLBC, Bihar is reviewing the progress of 100 % financial inclusion in all the 19 identified districts in the State, and its second meeting held on the 13<sup>th</sup> August 2008 found that a lot more needed to be done towards completion of 100 % financial inclusion. In order to strengthen the Sub-committee, the meeting decided to include the Chairman, Madhya Bihar Gramin Bank and the Manager, Financial Inclusion, RBI, as well as to invite representatives of the Private Banks as special invitees in its meetings. It was further resolved that those districts nearing to 100 % financial inclusion should strive to complete the target by mid October'08.

In a Steering Committee Meeting under the SLBC held on the 24<sup>th</sup> October 2008, financial inclusion among other issues was discussed, and the following action-points relating to financial inclusion emanated:-

- # For faster financial inclusion, bank-branches in the 19 identified districts, apart from regular efforts, should take the initiative for the opening of students' accounts by regular camping in schools situated in Blocks and villages.
- # Concerned Lead Banks should step up their efforts to complete 100 % financial inclusion by December 2008 in those districts where more than 70 % of financial inclusion has been completed. In case of remaining districts, the task should be accomplished latest by March 2009.
- # Government should share the cost with Banks in respect of IT based Smart Cards wherever introduced by banks for greater financial inclusion.
- # Government should take the initiative for advertisement and awareness of financial inclusion among the people.
- # The progress of financial inclusion should also be reviewed under a regular agenda item in DLCC meetings.

The recommendations of the study on financial inclusion carried out by the Centre for Management Development, Thiruvananthpuram at the request of SLBC, Kerala are reproduced hereunder, as the recommendations are quite relevant to the efforts and measures being taken in our State for financial inclusion:-

- # To reduce financial exclusion, Grampanchayats and Banks should jointly locate the excluded people and persuade them to open bank accounts.
- # In areas where new bank branches are not possible, substitute arrangements for offering banking services like weekly visits by bank officials could be arranged.
- # Systems need to be devised to retain the newly financially included, through special meetings, adalats, etc.
- # Appropriate credit products should be developed in relation to crop, region, etc. Systems/ procedures for sanction, repayment, and rate of interest should be suitably revamped to suit the requirements of farmers. Transparency in sanctioning process and avoiding delays should be ensured.
- # Various programmes should be formulated in association with the local Government and Government Departments for providing credit counselling , financial education to the financially excluded for inculcating banking habits and creating awareness on the advantages of availing credit from the formal sector.
- # Various payments from government sources may be routed through banks only.
- # Regular meetings with the loanees should be organised to assess the position of outstanding and arrears with a view to providing possible assistance and advice to the needy.
- # Requirement for documents for availing loans should be minimised. A Mechanism should be devised for tie-ups with the village office / Sub-Registrar Office to assist farmers in getting the related documents.

**The House is requested to express their views and suggestions.**  
**FLOOD IN BIHAR- RELIEF MEASURES BY BANKS**

This year in the month of August, the entire Kosi division was literally swept out by the Kosi. The devastation by the floods was so horrible and wide spread that the Hon'ble Prime Minister declared it as "**National Calamity**", while the Hon'ble Chief Minister, Bihar termed it as "**Jal Pralaya**". Banks in coordination with the Government Agencies did appreciable works also in providing non-banking relief to the affected people. At the same time, Banks tried the best to continue the banking facilities to their customers particularly in the areas where Bank-branches were shut down due to flood water. State Bank of India deployed mobile Banking Vans in the areas for providing uninterrupted banking facilities, while other banks used their own ways aiming at continuing the banking services.

Following the devastating floods in the entire Kosi division of the State in the month of August 2008, an emergency meeting of the Controlling Heads of Banks was convened by RBI, RO., Patna on 28.08.2008 for invoking the RBI Relief Package. As a follow-up of the meeting, SLBC, Bihar held a special Meeting of the Steering Committee on 19.09.2008. Apart from a discussion on the implementation of the RBI circular on Relief Measures by Banks in Natural Calamity Affected Areas, the following decisions were taken in the meeting:-

■ **Special Sub-committee of the SLBC-** a Special Sub-committee has been constituted inducting PNB, SBI, CBI, UBGB and NABARD as members to check-out the detailed action plan for banks to participate in rehabilitation / reconstruction process in the affected areas in coordination with the State Government.

- The Sub-committee to meet on regular basis to monitor all actions and review the position.
- DLCC Meetings of the worst affected 5 districts to be convened shortly.
- The Special Sub-committee would visit those districts to meet the DMs and ascertain how to move in a collaborative manner towards the rehabilitation work.
- Restoration of banking operation in the affected branches on an emergency basis.
- Ensure that Disaster Recovery & Business Continuity Plans are in place.
- Clearing House Operation be ensured.
- NABARD to consider credit requirements of the affected districts in the PLP 2009-10.

Further on the 23<sup>rd</sup> of September 2008, yet another meeting of the steering Committee under the SLBC, Bihar was convened. Following the decisions of the meeting, Special DLCC Meetings were convened at Madhepura, Purnea, Saharsa and Supaul respectively on the 26<sup>th</sup>, 28<sup>th</sup> and 29<sup>th</sup> September 2008 & 13<sup>th</sup> October 2008. All the four meetings were held with the representation of SLBC, Bihar, RBI, NABARD and the Banks functioning in the Districts. Apart from the above representation, the Special DLCC held on the 28<sup>th</sup> September 2008 at Purnea was attended by the General Manager, RBI, RO, Patna; the Meeting at Madhepura on the 26<sup>th</sup> Sept 2008 by the Regional Director, RBI, Patna and the Deputy General Manager, State Bank of India; and at Saharsa on the 29<sup>th</sup> Sept 2008 by the Regional Manager, Region-I, SBI. In all the meetings, it was resolved that **the Government functionaries at District / Block levels would identify the affected people and Banks would immediately provide them finance under DIR and consumption loans.**

Again on the 29<sup>th</sup> September 2008, the Hon'ble Deputy Chief Minister had a meeting with the Bankers to give further impetus to the relief measures being taken by Banks. The Hon'ble Dy. CM was apprised of all the initiatives being taken by Banks in respect of the relief measures for the flood affected people. The Hon'ble Deputy Chief Minister earmarked three initiatives to be taken by Banks on urgent basis: - **(i) Restructuring / Rescheduling of loan accounts of the affected people (ii) extending finance under DIR Scheme (iii) Consumption Loans to affected people for meeting their consumption needs.**

**Details of loans under flood relief is placed on Page No-12(A)**

Banks like previous year are continuing their efforts for taking relief measures for the affected

people.

To add further momentum to taking the relief measures, the following decisions were taken in the Steering Committee Meeting under the SLBC held on the 24<sup>th</sup> October 2008:-

- All concerned District Administration, Banks and Lead Bank Managers should take concerted efforts for opening of bank-branches still closed due to floods.
- The State Government should immediately arrange for notification of the flood affected districts / Blocks / villages which will facilitate financing.
- Under relief measures, performance of Banks under consumption loans and DRI should be compiled bank-wise and submitted to the SLBC every month by the Lead District managers of the affected districts for review.
- Apart from financing under DRI and consumption loans, bank-branches in the flood affected areas should ensure fresh financing to the affected people under different schemes and activities such as KCC, farm mechanization, milch cattle, allied agricultural activities, small business etc.
- NABARD with the help of the State Government should step up their efforts for implementation of Dairy Venture Capital Fund Scheme, which will help generate self employment especially in the flood affected areas of the state.
- As regards rural housing in flood affected areas, banks should explore the possibility of extending Top-up loans up to Rs.20,000/- under DRI scheme to the beneficiaries of Indira Awaas Yojna. At the same time, banks should step up lending under rural housing schemes of NHB

### **HOUSING NEEDS IN FLOOD AFFECTED REGIONS IN BIHAR** **RURAL HOUSING SCHEMES OF NATIONAL HOUSING BANK**

For assessing the housing needs of the flood affected people in Bihar, NHB convened a meeting with Banks and the Government functionaries on the 25<sup>th</sup> September 2008 in the Board Room, Reserve Bank of India, Regional Office Patna. The meeting was chaired by the Development Commissioner, Government of Bihar. The deliberation was focused on the need for reconstruction of housing in an organised manner with due regard to technology, designing, infrastructure planning and financing inputs. The meeting also deliberated on the nature of participation in the pursuit by different stakeholders.

NHB is requested to apprise the house of the measures and action-points adopted in the meeting for effective implementation by different agencies / stakeholders. The State Level Bankers' Committee feels that **Productive Housing in Rural Areas (PHIRA)**, a new scheme from NHB with the objective of facilitating construction of houses for rural families as well as providing a source of sustainable income to the rural people, can best help the flood affected families mostly living in rural areas.

- Under the Scheme, a composite loan of Rs.70,000 will be extended, of which an amount to the extent of 25% of the loan i.e. Rs.17,500 is for the income generating activity and an amount of Rs.52,500 is for construction of housing unit plus work area, including purchase of land. The limits are indicative and may be modified by NHB.
- An incremental loan of Rs.25, 000 could also be considered to be extended after a period of 3 years from the date of disbursement of earlier loan for upgradation of house built.
- Besides, a life insurance policy will also be taken for the borrower's life either individually or through a group insurance plan to ensure recovery of the outstanding loan in case of the death of the borrower.

NHB would provide housing loan component through banks/ HFCs / Microfinance Institutions having reach in rural areas by way of 100% refinance. The banks / HFCs / Microfinance Institutions will further finance the target group either directly or through SHGs. NHB can also consider direct finance to SHGs / Societies / Federations with appropriate legal constitution.

## THE HOUSE IS REQUESTED TO INITIATE DELIBERATION ON THE ISSUE

### **PRIME MINISTER'S NEW 15 POINT PROGRAMME FOR THE WELFARE OF MINORITY COMMUNITY**

The Programme is envisaged to ensure that an appropriate percentage of the priority sector lending is targeted for the minority communities and that the benefits of various Government sponsored schemes reach the under-privileged including the disadvantaged sections of the minority communities. Under the programme, Banks are to ensure that within the overall target for priority sector lending and the sub-target of 10 % for the weaker sections, minority communities receive an equitable portion of the credit.

With the objective in view, 121 minority concentrated districts all over the country have been identified exclusively for monitoring the credit flow to minority communities. In Bihar, the following seven districts are among the 121 minority concentrated districts:-

**(i).Kishanganj (ii) Araria (iii) Purnea (iv) Katihar (v) Sitamarhi (vi) Darbhanga (vii) West Champaran**

The Controlling Heads of all Banks functioning in the identified districts are advised to suitably instruct their branches to step up lending to the minority communities and to furnish required data to the concerned Lead District Managers who are to ensure that proper steps are being taken to facilitate smooth flow of credit to the targeted minority communities.

### **DRI ADVANCES**

Government of India formulated DRI Scheme for extending financial assistance at certain concessional rate @ 4 % pa to selected low income groups for productive endeavors

Loan limit under DRI Scheme has been revised during June 2007 to Rs.15, 000/- from Rs.6, 500/- and for housing to Rs.20, 000 /- from Rs.5, 000/-.

Eligibility criteria in respect of family income for availing loans under DRI has also been enhanced from Rs.6,400/- to Rs.18,000/- in rural areas and Rs.7,200/- to Rs.24,00/- in urban areas, per annum.

Target of DRI scheme is fixed as 1 % of the total advances outstanding as at the end of previous year. It should be ensured that not less than 40 % of the total advances under DRI scheme go to SC/ STs.

An overall achievement of Banks as on September 2008 under the scheme stands at ---%, which is far off the stipulated benchmark.

#### **STEPS TO ACHIEVE THE TARGETS:-**

- To cover all the eligible borrowers below the new income criteria, wherever no subsidy is available.
- Area specific & activity specific schemes for SC/STs are taken up, wherever no subsidy is available.
- Quarterly monitoring of progress under the scheme at District Level Review Meetings.
- Adequate publicity to be given to improve awareness on the benefits of the scheme.
- Top-up loans under DRI scheme up to Rs.20,000 to the beneficiaries under Indira Awaas Yojna may also be considered.
- Specified minority communities are also covered in coordination with the State Minority Finance/ Development Corporation.

**COMPLIANCE OF UNION FINANCE MINISTER'S ACTION-POINT:-**

The action point which emanated from Finance Minister's meeting with the CEOs of Public Sector Banks held on the 1<sup>st</sup> May 2008 is reproduced hereunder for Banks to implement:-

***“Banks to meet DRI target of lending and adopt a policy of active and targeted lending to village artisans like carpenters, blacksmiths, dhobis, cobblers etc and ensure at least 5 loans per quarter per branch”***

The Government of India has recently revised the target for financing village artisans under DRI. Now it stands 10 loans per quarter per branch for the year 2008-09.

**THE HOUSE IS REQUESTED FOR DISCUSSION ON THE ISSUE**

### **THE MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) SECTOR**

For the first time, financing under MSME sector replacing the existing SSI Sector is included to review Banks' performance under the Annual Credit Plan, as the micro and small enterprises (MSEs) have been accepted worldwide as the engine of economic growth and for promoting equitable development. The MSEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports.

In Country too, the MSEs play a pivotal role in the overall industrial economy of the country. It is estimated that in terms of value, the sector accounts for about 39% of the manufacturing output and around 33% of the total export of the country. Further, in recent years the MSE sector has consistently registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost. As per available statistics, this sector employs an estimated 31 million persons spread over 12.8 million enterprises and the labor intensity in the MSE sector is estimated to be almost 4 times higher than the large enterprises.

As the SME sector includes both the enterprise engaged in manufacturing / production of goods pertaining to any industry, and providing / rendering services

**CLASSIFICATION OF MSME SECTORS** based on the original investment in plant and machinery with regard to Manufacture/production units & original investment in equipment with regard to Services units.

| SECTOR         | MFG/SERVICE | INVESTMENT IN P & M / Equipments |
|----------------|-------------|----------------------------------|
| MICRO LEVEL-I  | MFG.        | Up to Rs.5 lacs                  |
|                | SERVICE     | Up to Rs.2 lacs                  |
| MICRO LEVEL-II | MFG.        | Rs.5 lacs to Rs.25 lacs          |
|                | SERVICE     | Rs.2 lacs to Rs.10 lacs          |
| SMALL          | MFG.        | Rs.25 lacs to Rs.500 lacs        |
|                | SERVICE     | Rs.10 lacs to Rs.200 lacs        |
| MEDIUM         | MFG.        | Rs.500 lacs to Rs.1000 lacs      |
|                | SERVICE     | Rs.200 lacs to Rs.500 lacs       |

For the first time, SLBC, Bihar has sought information from Banks about financing under SME sectors with break-up of enterprises- Micro, Small and Medium.

### **CREDIT GUARANTEE SCHEME FOR MICRO & SMALL ENTERPRISES SECTORS**

Credit Guarantee Scheme being the flagship scheme of the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India, is operated by the Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) set up by the Government of India and Small Industries Development Bank of India, with a committed corpus of Rs.2500 crore for guaranteeing collateral-free / third party guarantee free credit facility **up to Rs.50 lacs** extended by Banks and other Member Lending Institutions (MLIs) to units in the Micro and Small Enterprises sector.

Recently, the Hon'ble Union Finance Minister Shri P.Chidambaram had indicated that all Banks should increase both the number and average size of loans covered under the scheme during the current financial year.

Accordingly, the Credit Guarantee Fund Trust for Micro & Small Enterprises has been reviewing the progress under CGS on regular basis to ensure the compliance of the instructions of the Hon'ble Union Finance Minister. With the objective in view, the Department has since addressed letters to all MLIs/ Department of Industries of all States / UTs in this connection, and also initiated several new measures to increase the coverage under CGS. As on 31<sup>st</sup> July 2008, 65 Banks / institutions have been registered as member lending institutions and guarantee approvals have been accorded in respect of 1,11,825 units for Rs.3506.53 crore.

In case of our State, as on July 2008, **4038** proposals under SME sector sanctioned by different Banks have been accorded guarantee approval amounting to Rs.66.51crore under CGS. Bank-wise details are furnished on **Page No16(A) &(B)**

Keeping in view the large number of units in the MSE sector which are not abler to access institutional finance for want of collaterals, it is felt that the coverage under Credit Guarantee Scheme is not commensurate with the size of the MSE portfolio of Banks.

**The House is requested to initiate deliberation on the need for increasing both the number and average size of loans by Banks covered under CGS during the current financial year as desired by the Hon'ble Union Finance Minister**

### **NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS)** **COVERAGE OF ELIGIBLE CROPS DURING KHARIF SEASON**

All the eligible crop loans disbursed should compulsorily be covered under NAIS. AS advised by the Agriculture Insurance Company of India Ltd, the total crop loans insured as on the 31<sup>st</sup> October'2008 is Rs.448 crore against Rs.605 crore during the corresponding period last year, i.e., Kharif-2007 as on the 31<sup>st</sup> October 2007.The final cut-off date for receipt of declaration and premium at AIC, Patna is the 30<sup>th</sup> November 2008.

All Banks are therefore requested to instruct their branches for taking immediate action to get all the eligible crop loans insured under NAIS before the cut-off date, for the safeguard of farmers' interest.

**THE HOUSE IS REQUESTED TO ADVISE ALL BANKS IN THIS REGARD**



## AGENDA NO. V

### REVIEW OF PERFORMANCE GOVT. SPONSORED SCHEMES/PROGRAMMES

#### A) PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

The Government of India has introduced a new programme “**Prime Minister's Employment Generation Programme (PMEGP)**” by merging two programmes - Prime Minister Rojgar Yojna (PMRY) and Rural Employment Generation Programme (REGP).

The Ministry of Micro, Small and Medium Enterprises (MOMSME) will administer the programme under central sector scheme. Khadi & Village Industries Commission (KVIC), a statutory organisation under the administrative control of MOMSME will implement the scheme as the single nodal agency at the National level. At the State level, the implementing agencies will be State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and Banks. Subsidy under the scheme will be routed by KVIC through identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their bank accounts.

Copies of detailed guidelines on the scheme released by MOMSME are circulated in the House for information and guidance.

Under the scheme the following budget for 2008-09 has been allocated by the Directorate of PMEGP / REGP

| Items                  | KVIC    | KVIB    | DIC     |         | Total   |
|------------------------|---------|---------|---------|---------|---------|
| No of projects         | 1610    | 1610    | 1074    | 1073    | 5367    |
| Margin Money (In lakh) | 1932.07 | 1932.06 | 1288.05 | 1288.04 | 6440.22 |
| Employment (In Nos)    | 16099   | 16099   | 10734   | 10733   | 53665   |

Allocation of the target bank-wise / dist-wise worked out by the SLBC, Bihar is placed on page No17(A) TO 17(D)

**THE HOUSE IS REQUESTED TO INITIATE DISCUSSION ON THE ALLOCATED TARGET UNDER THE SCHEME SO AS TO MEET THE APPROVAL OF THE HOUSE FOR IMPLEMENTATION.**

## B) SWARN JAYANTI GRAM SWAROZGAR YOJNA (SGSY)

Disposal of loan applications as on 30.09.2008 under SGSY during the year 2008-2009 has been shown below:

| (In crore)                           |          |        |
|--------------------------------------|----------|--------|
| PARTICULARS                          | NUMBER   | AMOUNT |
| Target                               | 1,96,260 | 490.78 |
| Proposals received                   | 25712    |        |
| Proposals sanctioned                 | 23935    | 92.47  |
| Proposals disbursed                  | 23157    | 70.83  |
| Achievement in % (sanction / target) | 18.84    |        |
| Achievement in % (disb / target)     | 14.43    |        |
| Proposals returned/rejected          | 241      |        |
| Proposals pending for disbursement   | 1536     |        |

(Number of applications sanctioned includes applications for individuals plus number of groups)

Bank wise performance is furnished on Page **Nos.19 (A) & 19(B)**

Performance of all Banks under the scheme is 4.77 % as on 30.06.2008.

**OUT OF THE ABOVE PERFORMANCE, BANK-WISE GROUP FINANCING (SHGS) vis-à-vis PHYSICAL TARGETS IS GIVEN HEREUNDER-**

| Banks                 | Groups      |          | % Ach |
|-----------------------|-------------|----------|-------|
|                       | Target (No) | Ach (No) |       |
| State Bank of India   | 3600        | 681      | 18.92 |
| Central Bank of India | 2323        | 486      | 20.92 |
| Punjab National Bank  | 3065        | 558      | 18.21 |
| Canara Bank           | 458         | 146      | 31.88 |
| UCO Bank              | 867         | 285      | 32.87 |
| Bank of Baroda        | 481         | 105      | 21.83 |
| Union Bank            | 256         | 72       | 28.13 |
| Bank of India         | 803         | 181      | 22.54 |
| Allahabad Bank        | 1009        | 189      | 18.73 |
| Indian Bank           | 86          | 5        | 5.81  |
| Syndicate Bank        | 43          | 8        | 18.60 |
| United Bank           | 462         | 51       | 11.03 |
| Madhya Bihar KGB      | 1615        | 920      | 56.96 |
| Bihar KGB             | 512         | 255      | 49.80 |
| Samastipur KGB        | 271         | 39       | 14.39 |
| Uttar Bihar KGB       | 3775        | 1839     | 48.72 |
| Total                 | 19626       | 5820     | 29.65 |

As on September 2008, Banks have extended loans to 5820 groups under SGSY, which is 29.65 % of the physical targets fixed for groups financing.

As directed by the Principal Secretary, Rural Development, Government of Bihar, the following points are placed for discussion in the House :-

- (i) Compendium on SGSY is to be circulated amongst all bank branches of banks.
- (ii) Bank-wise pending applications, zero lending branches and recovery under SGSY
- (iii) 4167 applications are pending with different bank-branches as on September 2008
- (iv) Discrepancies / difference in performance report on SGSY
- (v) Block & District level meetings
- (vi) Kosi-floods 2008
- (vii) Wednesday- Non-public business banking day
- (viii) Invoking commission / charges on Government transactions
- (ix) Inviting District Magistrates of 5 districts to the SLBC Meeting
- (x) Financial power under SGSY available to branches of State Bank of India in Saharsa district is not commensurate with the credit requirements of the SGSY beneficiaries.
- (xi) e-muster-biometric Smart cards for wage-payments to the beneficiaries under NREGs
- (xii) Establishment of RUDSETI in every district.
- (xiii) Imparting training to officers related to SGSY through RUDSETI.
- (xiv) Compliance of complaints.

**House is requested to initiate deliberation on the above points.**

### **C) SWARNJAYANTI SHAHARI ROJGAR YOJANA (SJSRY)**

Against the receipt of 310 applications, 276 applications have been sanctioned and disbursed..

Bank-wise position is furnished on Page Nos 19 (C) & 19 (D)

### **D) SELF EMPLOYMENT SCHEME FOR THE REHABILITATION OF MANUAL SCAVENGERS**

The Government of India, Ministry of Social Justice and Empowerment, has decided to implement the captioned scheme as national priority. The objective of the scheme is to rehabilitate, in a time bound manner, all those remaining scavengers who are yet to be assisted.

The Ministry of Social Justice and Empowerment, Government of India and also the Finance Department (Banking Division), Government of India have issued directives to CMDs of all Banks and Reserve Bank of India for extending full cooperation in implementation of the scheme.

Under the scheme, the identified scavengers and their dependents are to be financially assisted through bank loans / subsidies.

In this connection, the State Level Bankers' Committee, Bihar has already advised the district-wise target for 2008-09 to all the LDMs vide our Letter No. RBU-I/ SLBC/ 70 dated the 9<sup>th</sup> April 2008.

No performance under the scheme has been reported by any Bank. The House is requested to advise all Banks to submit to SLBC the performance under the Scheme on regular basis from the next SLBC meetings for review.

## AGENDA NO VI

### FINANCE TO SELF HELP GROUPS (SHGs)

The access to timely and adequate credit and other financial services by the vulnerable and weaker sections of the society at the affordable cost is essential for the overall economic development of the society. With the objective in view, SHGs play a very crucial and effective role, and Banks spearhead their efficacies through credit linkages with them.

Banks have credit-linked 13308 SHGs as on 30.09.2008 with Bank-finance of 113.99 crore.

Review of the Bank-wise progress made under the scheme is shown as under:

SHG Financing (Under NABARD regular scheme)

| (Amt. in Crore)                             |                       |              |
|---------------------------------------------|-----------------------|--------------|
| Year                                        | Linkage of new groups | Bank Finance |
| Up to 2000-04                               | 16246                 | 51.82        |
| During 2004-05                              | 11769                 | 37.42        |
| During 2005-06                              | 18206                 | 31.20        |
| During 2006-07                              | 26517                 | 82.54        |
| During 2007-08                              | 49738                 | 240.99       |
| During the quarter ended<br>September' 2008 | 13308                 | 113.99       |

Bank-wise comparative year-wise performance under SHG Bank-linkage as on 30.09.2008 is enclosed on page No20 (A) & 20 (B)

The very common complain about non-opening of SHG-Bank accounts by bank-branches has been discussed in the Steering Committee Meeting under the SLBC, Bihar held on the 24<sup>th</sup> October 2008.

The following action points emanated from the meeting:-

- Some concrete planning needs to be worked out for facilitating opening of SHG-bank accounts in hassle free manner.
- Matter to be taken up with RBI for easing the norms on KYC for SHG accounts. For identification purpose, if the office signatory does not have election ID card, ID Card issued (duly numbered) by the Mukhia or the BDO / CO may be accepted for completing KYC formalities at the branch level.

However, Banks have already circulated the compendium on SGSY amongst all bank-branches, which contains the detailed guidelines regarding opening of SHG-bank accounts, bridging the knowledge gap among branch level functionaries particularly about opening of SHG-bank accounts. In maximum cases, the compendium serves as a guide, and thereby account opening is facilitated.

## AGENDA VII

### KISAN CREDIT CARD (KCC) REVIEW OF PROGRESS AS ON 30.09.2008

A summarized statement of targets vis-à-vis cards issued by Commercial Banks & RRBs up to 30/09/2008 is given below:

| <b>Banks</b>              | <b>Target (Number)</b> | <b>Ach. Sanc.(Nos)</b> | <b>%Ach</b>  |
|---------------------------|------------------------|------------------------|--------------|
| <b>Com. Bank</b>          | <b>8,61,429</b>        | <b>119050</b>          | <b>13.82</b> |
| <b>RRBs</b>               | <b>4,78,571</b>        | <b>107045</b>          | <b>22.37</b> |
| <b>Co-operative Banks</b> | <b>1,60,000</b>        | <b>27422</b>           | <b>17.14</b> |
| <b>TOTAL</b>              | <b>15,00,000</b>       | <b>253517</b>          | <b>16.90</b> |

Average financing under KCC by Commercial Banks as on September '08 stands at Rs.47 thousand approximately; while by RRBs, Rs.40 thousand and by Co-operative, Rs.17 thousand approx.

Bank wise performance is furnished on Page Nos 21(A)

#### **SPECIAL CAMPAIGN FOR FINANCING UNDER KCCs IN BIHAR**

There are twelve districts namely Madhubani, Samastipur, W.Champaran, Gaya, Rohtas, Khagaria, Purnea, Bhagalpur, Saran, Saharsa, Nalanda and Munger , which have identified for the Special Campaign for 100 % coverage under KCC.

District-wise performance as on 30.09.2008 in all the 38 districts in Bihar is placed on **Page No21 (B)**

The performance in the identified 12 districts is not encouraging and Banks need immediately to step up financing under KCC so as to maximise the coverage of eligible farmers in the districts.

The House may review the position

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## AGENDA NO. VIII

### DISCUSSIONS ON FOLLOWING ISSUES

#### C D RATIO

The C D Ratio in the State as on 30.09.2008 is as under:

(Rs. in Crore)

| BANK         | DEPOSIT  | CREDIT   | C D RATIO |
|--------------|----------|----------|-----------|
| Comm. Banks  | 62054.10 | 17704.60 | 28.53     |
| Co-op. Banks | 864.03   | 674.83   | 78.10     |
| RRBs         | 9738.09  | 4007.46  | 41.15     |
| Total        | 72656.22 | 22386.89 | 30.81     |
| RIDF         | -----    | 830.48   |           |
| GT           | 72656.22 | 23217.47 | 31.95     |

As on September'08, CD Ratio in Bihar stands at 31.95 %.

Bank-wise and other details (Sept'08) are furnished on Page Nos. 22 (A) to 22(G)

Efforts to bring in huge investments for infrastructure development such as urban development, transport, tourism, civil aviation and industries need to be made, so that Banks may also commit themselves in the process whereby credit flow would automatically increase manifolds and which would also help increase C D Ratio in the desired way in the State. State Government should also utilise more and more money from the RIDF.

There were no districts in Bihar where CD Ratio was below 20 % as on March 2008, and the position persists on 30.09.2008 as well.

However, the House is requested to review the position.

#### RECOVERY

A summary of the recovery data (As on 30.09.2008) as collected by the SLBC is given below.

(Rs. in crore)

| BANK       | DEMAND RAISED | AMOUNT RECOVERED | RECOVERY % |
|------------|---------------|------------------|------------|
| Com. Banks | 33313.57      | 1575.51          | 47.55      |
| Co-op      | 406.36        | 182.74           | 44.97      |
| RRBs       | 1123.11       | 367.75           | 32.74      |
| Total      | 4843.04       | 2126.00          | 43.90      |

Bank-wise position of recovery as on 30.09.2008 is furnished on Page Nos 22(H) & 22(I). Recovery percentage clearly indicates that NPAs are on the rise.

#### THE HOUSE MAY REVIEW THE POSITION

#### NPA & WRITE-OFF

As on 30.9.2008, overall position of NPA and the amount of loans written off are as under

| Banks | Total Adv. | Total NPA | % of NPA | Amt written off | % of written off |
|-------|------------|-----------|----------|-----------------|------------------|
| Comm. | 17704.60   | 1702.13   | 9.61     | 679.58          | 3.84             |
| Co-op | 674.83     | 115.47    | 17.11    | 0               | 0                |
| RRBs  | 4007.46    | 278.70    | 6.95     | 78.66           | 1.96             |
| Total | 22386.89   | 2096.30   | 9.36     | 758.24          | 3.39             |

The NPA level as on 30.09.2008 is nearly 10 % of the overall advances. The position is not encouraging and all efforts need to be taken for bringing down the NPA level below 5%, At the same time, advances written off is a matter of concern for Banks. Due to advances written off every year, C D Ratio has also been affected. Details on Page NO-22(j) & (k)

## **CERTIFICATE CASES**

As per information received by SLBC from banks, a total of 345379 certificate cases are pending for disposal as on 30.09.2008 which involve a total amount of Rs.923.68 crores. In this regard, Banks may instruct their branch functionaries to shortlist at least 10 high value certificate cases for effective and focused follow-up. The Government of Bihar is geared up to provide all sort of assistance in this regard.

Bank-wise position is furnished on Page Nos. 23 (A) & 23 (B)

## **THE HOUSE MAY REVIEW THE POSITION**

### **PRIORITY SECTOR LENDING**

As on 30.09.2008, the national benchmark of 40% in respect of the share of priority sector advances in over all advances has been achieved by all Banks except a few Banks.

Bank-wise position is furnished on Page Nos 23(C) & 17 (D)

The House may notice that the ratio of priority sector advances to total advances is as high as 66.91 %, which is well above the stipulated benchmark of 40%.

### **AGRI CREDIT:**

At the State level, the ratio of Agri Credit is at 35.72 % against the national benchmark of 18%. However, a few banks are below the benchmark. Bank-wise position is furnished on Page Nos.23 (C) & 17 (D)

### **DIFFERENTIAL INTEREST RATE (DIR):**

The ratio of DIR advances to the total credit is only 0.08 % against the benchmark of 1%. As per the Union Finance Minister's directives, all Banks have been requested to finance at least 10 beneficiaries per branch under the scheme. We requested member Banks to monitor the progress in this regard so that the benchmark stipulated was achieved. Financing under the scheme was not picking up due to non- availability of viable proposals under the existing ceiling of Rs.6500/-. Now the existing ceiling has been increased to Rs.15000/- for general scheme & Rs.20000/- in case of housing. Banks should increase financing under the scheme. The ceiling of family income has also been increased to Rs.18, 000 per annum from the existing ceiling of Rs.6500 under the scheme. Further, financing under the scheme also facilitate financial inclusion of the under privileged people of thee society.

Bank-wise position is furnished on Page Nos 23 (C) & 23 (D)

### **WEAKER SECTION:**

Against the benchmark of 10% under weaker sections, performance of all Banks as on 30.09.2008 is 23.13 %. Bank-wise position is furnished on Page Nos. 23 (C) & 30 (D).

## **AGENDA –IX**

### **STATUS OF UNBANKED BLOCKS - BRANCH EXPANSION**

#### **SUB-COMMITTEE ON UNBANKED BLOCKS**

As on date, there are 24 unbanked Blocks in the State. Further, fresh surveys in six Blocks will shortly be carried out by a small Committee comprising the Lead Bank Manager, concerned AGM of the Lead Bank and the representatives from the SLBC and DIF, Govt. of Bihar. In a similar way, the small Committee has already completed survey in 14 Blocks by 29.05.2008

LATEST POSITION AS REGARDS OPENING OF NEW BANK BRANCHES IS GIVEN AS UNDER

#### **NAME OF THE BANK: PUNJAB NATIONAL BANK**

| S.N | District   | Block       | Status                                                                                                   |
|-----|------------|-------------|----------------------------------------------------------------------------------------------------------|
| 1   | Buxar      | Kesath      | Fresh branch opening survey will be undertaken by a small team of the Sub-committee on Un-banked Blocks. |
| 2   | Buxar      | Chaugain    | The Block has been found viable for a new branch. Punjab National Bank has assured to initiate action    |
| 3   | Rohtas     | Akhaurigola | PNB opened both the branches on the 13th of April'07 being Bank's Foundation Day                         |
| 4   | Rohtas     | Sanjauli    |                                                                                                          |
| 5   | Bhabhua    | Nuwan       | Found nonviable by PNB, but Bank of India expressed willingness to open a new branch at Nuwan.           |
| 6   | Bhabhua    | Aghoura     | Found non-viable by Bank.                                                                                |
| 7   | Gaya       | Paraiya     | Three branches of RRB have been functioning at the centre.                                               |
| 8   | Gaya       | Mohra       | Block Head Quarter is functioning from Atari Block                                                       |
| 9   | Nalanda    | Bain        | Branches of North Bihar Kshetriya Gramin Bank are functioning                                            |
| 10  | Nalanda    | Tharthari   | Found non-viable by Bank                                                                                 |
| 11  | Nawada     | Meskaur     | Branch of Madhya Bihar Kshetriya Gramin Bank is functioning.                                             |
| 12  | Lakhisarai | Pipariya    | Found non-viable by Bank                                                                                 |

#### **NAME OF THE BANK: STATE BANK OF INDIA**

| S.N | District  | Block      | Status                                                                                                                       |
|-----|-----------|------------|------------------------------------------------------------------------------------------------------------------------------|
| 1   | Madhepura | Chausa     | Both the Blocks have been found viable. State Bank of India has initiated action for opening new branches at both the places |
| 2   | Madhepura | Shankarpur |                                                                                                                              |
| 3   | Purnea    | Dangarua   | Bank has already been opened by Central Bank of India on 30.07.2008                                                          |
| 4   | Purnea    | Srinagar   | Viable for a new branch. State Bank of India has initiated action for obtaining branch opening licence from the RBI.         |
| 5   | Araria    | Kursakanta | Branch was opened on the 5 <sup>th</sup> of April 2007                                                                       |
| 6   | Jamui     | Laxmipur   | Branch already opened by SBI on 31.12.2007                                                                                   |



**NAME OF THE BANK: CENTRAL BANK OF INDIA**

| S. N | District    | Block         | Status                                                                                                                                                                                             |
|------|-------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Darbhanga   | Gaurabauram   | Found Nonviable                                                                                                                                                                                    |
| 2    | Gopalganj   | Panchdewri    | Opened on 03.12.2007                                                                                                                                                                               |
| 3    | Darbhanga   | Kiratpur      | In both the Blocks, branches of BOI already functioning there                                                                                                                                      |
| 4    | Darbhanga   | Tardih        |                                                                                                                                                                                                    |
| 5    | Madhubani   | Lakhnaur      | The Block has been found viable for a new bank branch thereat. Central Bank of India, the Lead Bank, has assured to initiate appropriate action for obtaining branch opening licence from the RBI. |
| 6    | Katihar     | Hasanganj     | Branch opened on 22.03.2007                                                                                                                                                                        |
| 7    | E.Champaran | Phenahara     | Branch opened on 17.03.2007                                                                                                                                                                        |
| 8    | W.Champaran | Bhitaha       | Nonviable                                                                                                                                                                                          |
| 9    | W.Champaran | Piprasi       | Nonviable                                                                                                                                                                                          |
| 10   | Vaishali    | Pateri Belsar | Branch opened on 12.03.2007                                                                                                                                                                        |
| 11   | Saran       | Turkipanapur  | Nonviable                                                                                                                                                                                          |
| 12   | Saran       | Isawapur      | Branches of SBI & Canara Banks are functioning at the centre.                                                                                                                                      |

**NAME OF THE BANK: BANK OF BARODA**

| S.N. | District  | Block        | Status                                                                                                                                                                                                                                                                                                                              |
|------|-----------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Sitamarhi | Chiraur      | In view of two most vital infrastructure not being in place such as the Police Station not established in the Block and the metal road still under construction, Bank of Baroda will be able to initiate action in this regard only after one year since they expect that by then position of the infrastructure will get improved. |
| 2    | Sheohar   | Dumrikutsari | -Do-                                                                                                                                                                                                                                                                                                                                |

**NAME OF THE BANK: UCO BANK**

| S.N | District  | Block     | Status          |
|-----|-----------|-----------|-----------------|
| 1   | Bhagalpur | Ismailpur | Found nonviable |

**NAME OF THE BANK: CANARA BANK**

| S.N | District   | Block           | Status                                                                                                                       |
|-----|------------|-----------------|------------------------------------------------------------------------------------------------------------------------------|
| 1   | Shiekhpora | Shiekhpor Sarai | Found nonviable                                                                                                              |
| 2   | Shiekhpora | Chewara         | Found Viable for a new branch. Canara Bank assured to initiate action for obtaining the branch opening licence from the RBI. |
| 3   | Shiekhpora | Dhatkutumba     | Found non-viable                                                                                                             |

**NAME OF BANK: UNION BANK OF INDIA**

| S.N | District   | Block        | Status          |
|-----|------------|--------------|-----------------|
| 1   | Samastipur | Shibajinagar | Found nonviable |

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