

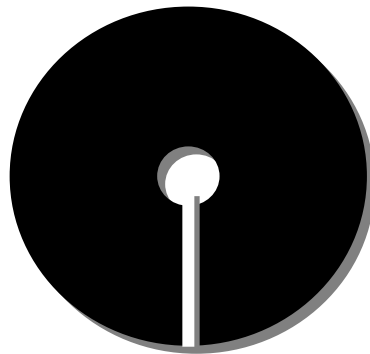
**STATE LEVEL BANKERS' COMMITTEE,  
BIHAR**

**29<sup>TH</sup> REVIEW MEETING  
AS ON 30<sup>TH</sup> JUNE' 2009**

**VENUE: HOTEL CHANAKYA, PATNA**

**DATE: 14.09.2009**

**TIME: 10 AM**



**CONVENOR:**

**STATE BANK OF INDIA  
SLBC DEPARTMENT (5<sup>TH</sup> FLOOR)  
LOCAL HEAD OFFICE, WEST GANDHI MAIDAN  
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**STATE LEVEL BANKERS' COMMITTEE  
29<sup>TH</sup> MEETING**

**NOTES ON AGENDA ITEMS**

**AGENDA NO. I**

**CONFIRMATION OF MINUTES OF THE  
28<sup>TH</sup> STATE LEVEL BANKERS' COMMITTEE MEETING  
HELD ON THE 27.05.2009**

**The House may please confirm the Minutes of the 28<sup>th</sup> State Level Bankers' Committee meeting held on the 25<sup>th</sup> May 2009, circulated among all concerned.**

## AGENDA NO. II

### **ACTION TAKEN REPORT ON THE 28<sup>th</sup> SLBC MEETING**

**[1] ACTION POINT-** R-SETIs to be opened in all the Districts of the State, if need be, the same should be opened in rented premises. Banks should submit proposals in this regard to NIRD.

(ACTION: - ALL LEAD BANKS)

**ACTION TAKEN:** - So far, 7 RSETIs have already been established by different Banks. Necessary steps are being taken by Banks for setting up R-SETIs in 13 more districts. On the 3rd July'2009, a Steering Committee meeting was held under the Chairmanship of Shri S.S.Chopara, General Manager, Punjab National Bank, which reviewed inter-alia the status of setting up R-SETIs in the State and the initiatives being taken by Banks. Most of the Banks concerned felt non-availability of land and buildings to be a major impediment in this regard. Shri B.K.Thakur, Director Banking, Govt. Of Bihar, referring to Government's directives in the meeting, advised Banks to open the Institutes in rented premises, where the State Government is presently unable to provide either land or building to Banks. State Level Bankers' Committee, Bihar has also conveyed the recent instruction of Reserve Bank of India to all Banks to immediately open RSETIs in rented premises, in case where Banks have already submitted proposals for construction of buildings, and construction thereof is still pending. The status of R-SETIs in the State is detailed hereunder:-

SL.	NO. BANKS CENTERS	WHERE R-SETIS ALREADY ESTABLISHED AND FUNCTIONAL
1	State Bank of India: -	1. Purnea 2. Madhepura 3. Saharsa 4. Supaul
2	Central Bank of India: -	1. Muzaffarpur
3	Punjab National Bank; -	1. Patna
4	Syndicate Bank & Canara Bank: -	1. Hajipur (Vaishali)

STATE BANK OF INDIA proposes to set up two more RUDSETIs- one at Araia, and second at Jamui by the 31<sup>st</sup> October'2009

#### **ACTION ALREADY TAKEN / BEING TAKEN BY BANKS IN PROPOSED DISTRICT**

1. PUNJAB NATIONAL BANK has already submitted proposals to NIRD for opening of RSETIs at GAYA, ROHTAS, BIHARSHARIF, AND BHOJPUR.

2. CENTRAL BANK OF INDIA has since taken steps to open R-SETIs at KATIHAR, DARBHANGA & SIWAN. At KATIHAR, setting up R-SETI is in an advance stage, and the institute is expected to function shortly.

At DARBHANGA and SIWAN, the State Government is, as reported by CBI, not in the position to provide either land or building for setting up R-SETIs. In this connection, SLBC has already reiterated RBI's recent instructions that Banks should immediately start R-SETIs in rented premises in case the Government is currently unable to provide land or building to Banks.

3. CANARA BANK has informed, one R-ESTI is proposed to be set up at SHEIKHPURA during the financial year 2009-10. As the Bank is approaching the State Government for land or building for the purpose, SLBC has advised Canara Bank to start the institute in rented premises in accordance with RBI's recent instructions, in case the Government fails to provide land or building.

4. BANK OF BARODA has finalized one house at Dumra. The proposed institute, as informed by the Bank, will take care both of SITAMARHI & SHEOHAR Districts.

5. UCO BANK:- LDM, Munger is pursuing completion of formalities in respect of allotment of land by the District Administration. Once the process is completed, necessary steps will be taken by UCO Bank in setting up R-SETI at MUNGER

6. UNION BANK OF INDIA has almost completed the process of setting up RSETIs in SAMASTIPUR and KHAGARIA. The institutes are expected to function within a few months

**[2] ACTION POINT-** In all the remaining un-banked Blocks particularly in 8 Blocks for which RBI has already issued branch opening licences, all Lead Banks concerned should step up their efforts in opening new branches at the earliest.

(ACTION: ALL LEAD BANKS)

**ACTION TAKEN:** - As on date, there are 22 un-banked Blocks where no Commercial Bank has any branch in the State. The latest position of un-banked Blocks in the State is placed under **Agenda Number XI (Page No-25 to 27)**

**[3] ACTION POINT-** Regarding Smartcard based banking operation for the beneficiaries under NRGES, State Government should consider RBI Incentive Scheme, which provides Rs.50 per account opened by Banks, subject to the State Government agreeing to pay 2% of the transaction cost.

(ACTION: STATE GOVERNMENT)

**ACTION TAKEN:** - The State Government is yet to advise their decision on the issue.

**[4] ACTION POINT-** Government should initiate action on MOU entered with NABARD for implementation of Vaidyanathan Committee Recommendations on strengthening the Co-operatives in the State.

(ACTION: STATE GOVERNMENT)

**ACTION TAKEN:** - Advice of the Government on the issue is waited. The State Government may please apprise the House of the present status of the MoU.

**[5] ACTION POINT-** Mega Credit Camps for KCC financing should be organized on the 24<sup>th</sup> June 2009 in all the Districts and Blocks by Banks in coordination with the government functionaries.

(ACTION: ALL BANKS)

**ACTION TAKEN:** - As per information gathered by the SLBC, Bihar, the Mega Credit Camps for financing under KCC have been organized at almost all the Blocks in the State, barring some Blocks against which SLBC, Bihar had received complaints from people about either non-holding the camps or holding the same in a very casual manner. SLBC, Bihar has already compiled a list of such complaints and advised the same to the Director, Banking Government of Bihar

**[6] ACTION POINT-** Each Bank should notify one of its branches as nodal branch in each District for facilitating financing under education loan.

(ACTION: ALL BANKS)

**ACTION TAKEN:** - In fact, Banks in compliance with the similar action point taken at SLBC level during the last year 2008-09 had already notified such branches in each District, and the same branches have been retained as nodal Branches during the current year as well for the purpose.

**[7] ACTION POINT-** Advertisement on education loans by the Government with the SLBC, Bihar should be published in newspapers.

(ACTION: GOVERNMENT & THE SLBC)

**ACTION TAKEN:** - Already published.

**[8] ACTION POINT-** A sub-committee under the SLBC, Bihar should be constituted to study the draft report on Lead Bank Scheme by the High Power Committee of RBI.

(ACTION: SLBC)

**ACTION TAKEN:** - Following the action point, a Sub-Committee under the Chairmanship of Shri Sandeep Ghosh, Chief General Manager, NABARD was constituted on study of RBI draft report / recommendations on the Lead Bank Scheme, inducting therein as members- General Manager (RPCD), Reserve Bank of India ; General Manager, Punjab National Bank ; Assistant General Manager, SLBC, Bihar ; Zonal Manager, Central Bank of India (Patna Zone) ; Deputy

General Manager, Union Bank of India; Zonal Manager, Canra Bank; Zonal General Manager, UCO Bank and Director, Banking, Government of Bihar.

The first meeting of the Sub-Committee was held on the 3<sup>rd</sup> of August'2009. The Chairman of the Subcommittee had sorted 24 recommendations out of the report and initiated discussion serially. The suggestions of the meeting, on the report are placed under Agenda No-III (Page No- 9 & 10)

The suggestions have also been forwarded to the Central Office of RBI.

**[9] ACTION POINT-** SLBC should constitute a Taskforce to make an in-depth study on financing different activities relating to agriculture with focus on procedural problems relating to financing under agriculture and allied activities.

(ACTION: SLBC)

**ACTION TAKEN:** - in consonance with the decision of the House, State Level Bankers' Committee, Bihar has since constituted a Taskforce for the above mentioned purpose. The Taskforce comprises of General Manager, Punjab National Bank as chairman, Assistant General Manager, Bihar, Zonal Manager, Central Bank of India (Patna Zone) ; General Manager, Bank of India ; Director, Agriculture, Govt. of Bihar, and Director, Banking, Govt. of Bihar all as members. The first meeting of the Taskforce was scheduled on the 3<sup>rd</sup> of August'2009, but due to some unavoidable reason the meeting could not be held. However, the meeting was held on the 25<sup>th</sup> August'2009, and the proceeding will be circulated in due course.

**[10] ACTION POINT-** DLCC and DLRC meetings in all the Districts for the first quarter should be organized on the 13<sup>th</sup> June'2009.

(ACTION: ALL LEAD BANK MANAGERS)

**ACTION TAKEN:** - As feedback received by the SLBC, DLCC / DLRC meetings were organized in all the Districts of the State on the scheduled date.

**[11] ACTION POINT-** BLBC meetings should be organized between the 14<sup>th</sup> and the 24<sup>th</sup> June'2009 in all Blocks of the State.

(ACTION: ALL LEAD BANK MANAGERS)

**ACTION TAKEN:** - This action point stands complied.

**[12] ACTION POINT** -State Level Bankers' Committee, Bihar should compile the dates of the DLCC / BLBC meetings conducted in the entire State during the year 2008-09, and this should be placed in the next SLBC meeting. 12 identified Districts under Special Campaign should be proactive in achieving the targets.

(ACTION: SLBC)

**ACTION TAKEN:** - Details of dates on which DLCC / BLBC meetings held in the State last year have been received from 29 Districts by the SLBC. The details suggest that DLCC / BLBC meetings were held at regular intervals in all the districts concerned. SLBC is pursuing obtaining the details from the remaining Districts for final compilation of information in this regard. As regards 12 identified Districts under Special Campaign (KCC), all Lead District Managers have been since been advised to put in more efforts for making the campaign a success. **(Details of DLCC meetings held during 2008-09 on Page no-7 A**

**[13] ACTION POINT-** SAMIS should be stabilized in the State.

(ACTION: NABARD & RBI)

**ACTION TAKEN:** - This action point, remaining un-dealt with for a long time despite discussions too many times in SLBC meetings, needs special attention of the House particularly in view of the fact that SAMIS provides very vital logistic support for envisaging development-planning, and it works as an effective tool for monitoring and review.

**[14] ACTION POINT – More ATMs should be opened by Banks in the State.**

**(ACTION: BANKS)**

**ACTION TAKEN: - Banks are opening more ATMs in the State under their business planning. State Bank of India has already increased the number of ATMs up to 417 in the State. Other Banks like PNB, Central Bank of India, Canara Bank, Uco Bank, Bank of Baroda, Union Bank, Bank of India, Allahabad Bank are also adding to their number of ATMs in the State. Current position of number of ATMs Bank-wise is furnished on Page No 7 B.**

**[15] ACTION POINT- In the 15 Districts where financial inclusion has been completed more than 90 % percent; the work should be completed 100 % by 30.06.2009.**

**(ACTION: ALL BANKS)**

**ACTION TAKEN: - The latest status on 100 % Financial Inclusion in the identified Districts is placed on Page no- 17 B for review by the House.**

**[16] ACTION POINT- By the end of the 11<sup>th</sup> Five Year Plan, under financial inclusion, plan should be envisaged to cover all the households by opening No-frill Accounts, and the exercise should be completed by the end of 11<sup>th</sup> Five Year Plan.**

**(ACTION: ALL BANKS)**

**ACTION TAKEN: - Lead District Managers of all the remaining 19 Districts have been advised to start preparation of the plan for covering all the household of their districts under financial inclusion, and SLBC is pursuing with the Lead District Managers in this regard.**

**[17] ACTION POINT- Under DIR scheme, each branch should lend at least 10 beneficiaries.**

**(ACTION: ALL BANKS)**

**ACTION TAKEN: - All Banks have been advised to comply with the action point.**

**[18] ACTION POINT- Effective mechanism should be put in place by Banks to monitor and review the performance by their branches and non performing branches should be taken to task.**

**(ACTION: ALL BANKS)**

**ACTION TAKEN: - It is worth mentioning that monitoring-mechanism is already well in place in every Bank. However, Banks have been advised to make the same more effective with optimum focus on branch level performances, and take corrective measures for improving poor performing branches.**

**[19] ACTION POINT- Reserve Bank of India should hold seminar on financial inclusion.**

**(ACTION: RBI)**

**ACTION TAKEN: - Reserve Bank of India, Local Office, Patna has been requested for the same.**

**[20] ACTION POINT- Banks should ensure that while reporting group financing under the SGSY, only those groups which have been extended Bank finance (not all those covered under revolving funds) should be reported.**

**(ACTION: ALL BANKS)**

**ACTION TAKEN: - Implementing Banks have since issued instructions to all their branches in this regard.**

**[21] ACTION POINT- COMFED will arrange for procurement of milch cattle in case of sanctioned cases by Banks under dairy financing.**

**(ACTION: COMFED)**

**ACTION TAKEN: - Banks have been advised to submit list of sanctioned cases under dairy to COMFED so that they may suitably arrange for procurement of milch-cattle.**

**[22] ACTION POINT-** All banks should ensure that all eligible crops under crop loans should be covered under National Agriculture Insurance Scheme (NAIS)

(ACTION: ALL BANKS)

**ACTION TAKEN:** - All Banks have since been advised for compliance. In this connection, the State Level Coordination Committee on NAIS in its meeting held on 20.07.2009 under the Chairmanship of the Development Commissioner, Govt. of Bihar, has approved extension of last dates of insurance up to 15.08.2009 & 31.08.2009 for non-borrower farmers respectively under Weather based Crop Insurance Scheme & National Agriculture Insurance Scheme, in case of borrower-farmers, the last date of insurance under season based Crop Insurance Scheme stands extended up to 15.08.2009.

However, as advised by the Agriculture Insurance Company of India Ltd., Patna, the Central Government has not accorded its approval to the decision taken in the SLCC meeting held on 20.07.2009, in respect of extension of dates of insurance under WBCIS for non-loanee and lonee farmers respectively from 30.06.2009 to 15.08.2009, and from 31.07.2009 to 15.08.2009. Further, in case of non-lonee farmers under NAIS, the existing date of insurance (31.07.2009) has been extended to 31.08.2009 by the Central Government, restricting the insurance coverage only to "Agahni Paddy Crop".

**[23] ACTION POINT-** Regarding cut-off date (31<sup>st</sup> May'2009) for submission of declaration and premium at AIC, Banks should expedite the exercise.

(ACTION: ALL BANKS)

**ACTION TAKEN:** - Since advised to Banks for compliance.

**[24] ACTION POINT-** The claims received by Banks from AIC should be credited to beneficiaries' accounts within 7 days.

(ACTION: ALL BANKS)

**ACTION TAKEN:** - Banks have already instructed their branches to ensure the same.

**[25] ACTION POINT-** Banana crop, medicinal plants and flowers should also be covered under NAIS. State Government is to take decision in this regard.

(ACTION: STATE GOVERNMENT)

**ACTION TAKEN:** - The Govt.'s decision on the issue is still awaited. The House requests the State Government to apprise the House of the decision already taken on the issue.

**[26] ACTION POINT-** KVIC should request the government of India through its State Office to do away with training requirements to the beneficiaries under PMEGP for purchase of cycle-rickshaw.

(ACTION: KVIC, PATNA)

**ACTION TAKEN:** - the State Level Bankers' Committee, Bihar has already requested KVIC Patna in this regard; however, advice on the issue is still awaited from the State Office of the KVIC.

**[27] ACTION POINT-** SLBC through KVIC, Patna will request the Union Government to extend the cut-off date of sanction till 30<sup>th</sup> June'2009 in case of applications under PMEGP 2008-09, already by Banks from DTFC till the 2<sup>nd</sup> March'2009, and the last date of disbursement in such cases should be extended up to 31.07.2009.

(ACTION: SLBC & KVIC, PATNA)

**ACTION TAKEN:** - In this connection, KVIC has advised that Banks may consider all the pending applications under PMEGP for the programme year 2008-09 against the targets of the current year. SLBC has accordingly conveyed the same to all Banks and advised them to issue suitable instructions to their branches in this regard.

**[28] ACTION POINT-** Under SGSY, only groups financing is targeted for the year 2009-10. However, Banks may consider individual financing to the extent of 50 % under the scheme to handicapped and people in flood affected Blocks under Kosi Division.

(ACTION: BANKS & THE GOVERNMENT)

**ACTION TAKEN:** - Since advised to Banks for compliance.

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## STATE LEVEL BANKERS' COMMITTEE, BIHAR

## KEY INDICATORS

(ALL SCHEDULED COMMERCIAL BANKS)

(AMT IN CRORE)

Sl No	ITEMS	AS ON MAR'09	AS IN QUARTER ENDING LAST YEAR (JUNE'08)	AS IN QUARTER ENDING THIS YEAR (JUNE'09)	BENCH MARK
1	DEPOSITS	83047.56	68243.71	83680.41	
2	CREDIT	25293.56	21753.77	25576.71	
3	CD RATIO	30.46	31.87	30.56	60 %
4	PRIORITY SECTOR ADVANCES	15773.81	12579.74	16037.06	
5	SHARE OF PSA IN TOTAL ADV. (%)	65.58 %	59.75 %	66.15	40 %
6	AGRICULTURAL ADV.	8923.39	6907.32	9249.19	
7	SHARE OF AGL. ADV IN PSA (%)	37.10 %	32.81 %	38.15 %	18 %
8	MSME ADV.	1867.48	1299.15	1987.76	
9	SHARE OF MSME ADV. IN TO PSA (%)	7.76 %	6.17 %	8.20 %	
10	ADV. TO WEAKER SEC.	5796.44	4987.58	6282.85 %	
11	SHARE OF WEAKER SEC. IN PSA (%)	24.10 %	23.69 %	25.92 %	10 %
12	DRI ADV.	31.25	15.97	11.11	
13	SHARE OF DRI ADV IN PSA (%)	0.14 %	0.08 %	0.05	1 %
14	ADV. TO WOMEN	227.69	187.23	134.31	
15	SHARE OF ADV IN PSA (%)	1.44 %	1.48 %	0.83 %	5 %
16	BRANCH NETWORK (IN NUMBER)				
A	RURAL	2431	2402	2439	
B	SEMI-URBAN	757	733	770	
C	URBAN	621	589	636	
D	METROPOLITAN	-----	-----	-----	
E	TOTAL	3809	3724	3845	

(NOTE- SHARE OF AGL.ADV. / MSMAE ADV / WEAKER SECTION ADV. IS WORKED OUT IN RELATION TO TOTAL ADVANCES)

## AGENDA NO. III

### SUB-COMMITTEE ON A STUDY OF THE DRAFT REOPT ON THE LEAD BANK SCHEME BY THORAT COMMITTEE OF RBI MEETING ON 03.08.2009

In conformity to a decision taken in the 28<sup>th</sup> SLBC Meeting held on the 27<sup>th</sup> May'2009, a Sub-committee of the SLBC, Bihar has been constituted under the Chairmanship of the Chief General Manager, NABARD, Patna for studying the draft Report / Recommendations on the Lead Bank scheme by a High Power Committee (Thorat Committee) constituted by Reserve Bank of India.

The Committee comprises of General Manager (RPCD), Reserve Bank of India, Patna; Assistant General Manager, SLBC, Bihar; General Manager, Punjab National Bank; Zonal Manager, Central Bank of India (Patna Zone) ; Deputy General Manager, Union Bank of India ;Zonal Manager, Canra Bank ; Deputy Zonal Manager, UCO Bank, and Director Banking, Govt. of Bihar.

After a detailed study of the report by the members, the Sub-committee under the chairmanship of Dr.Sandeep Ghosh, Chief General Manager, NABARD, Patna met on the 3<sup>rd</sup> August'2009 and gave the following views /suggestions serially on the RBI Draft Report ( for convenience, recommendations of the draft report pertaining to respective institutions have been grouped together and placed in the meeting) :-

1. Recommendation No-1 to 5 :-
  - (a) SLBC to include "Credit plus Scheme" as an agenda item in the regular SLBC Meetings.
  - (b) All MFIs / NGO to be called to attend the SLBC Meetings, and their performance data to be placed separately on the agenda papers for review in the meeting in line of Orissa and Himachal Pradesh. (Private Banks are regularly called in the SLBC Meetings and adequate targets under the Annual Credit Plan is allocated to them by SLBC, Bihar on regular basis)
  - (c) As regards effective redressal mechanism, Customer Grievances and redressal Cell has already been functioning effectively under the SLBC.
2. Recommendation No-4,6,7,8,14,15 & 37 :-
  - (a) The Subcommittee is of the view that due to the existing infrastructure, all Banks can not implement the BC Model, and has suggested that Banks with branches on CBS platform should promote B.C Model, and other Banks should promote B.F.Model.
  - (b) With other recommendations under the group, the Committee has expressed its agreement.
3. Recommendation No-9,11,48,49 & 50 :-
 

The Subcommittee has found the recommendation effective, but suggested calling a pre-PLP meeting of Banks and the Government Officials with the DDM, NABARD in a month between September and December every year.
4. Recommendation No 10 & 12 :-
 

The Subcommittee will take a view only after the final report is tabled.
5. Recommendation No- 16
 

The Subcommittee has found the recommendation quite relevant. In context of Bihar, it is in process. Lead Bank Managers of SBI & PNB are taking initiatives in this regard.
6. Recommendation No-17,18,19 & 20 :-
 

The Subcommittee has found the recommendation being implemented in the State as far as posting of LDMS with sufficient seniority. However, subcommittee is of the view that RBI instructions on the issue should be followed uniformly by all Lead Banks. The Committee has also suggested ensuring at least three year tenure for the LDM in a District.
7. Recommendation No -21,22,23 & 24 :-
 

The Subcommittee has accepted the recommendations and suggested a discussion in the SLBC meeting.

**8. Recommendation No-36 :-**

The subcommittee has found the recommendation viable and advised to take up the same in SLBC Meeting for discussion and implementation.

**9. Recommendation No- 32,33,34 ,35,38,39,40 & 41 :-**

The Subcommittee has expressed agreement with the recommendations. As regards Private Sector Banks, the Subcommittee has suggested that they should be made to participate in planning and implementation of Priority sector financing, and Reserve Bank of India should ensure it.

**10. Recommendation No- 42 :-**

The Subcommittee has found the recommendation effective and is of the view that RBI should convene a meeting with Banks on the issue.

**11. Recommendation No- 43 :-**

The Subcommittee has accepted the recommendation, subject to the participation of DG /ED of RBI in SLBC Meeting once in a year, provided the date of the meeting should be fixed sufficiently before.

**12. Recommendation No- 44 :-**

Subcommittee is of the view that decisions in this regard may be taken by Banks' apex bodies.

**13. Recommendation No- 45,46,50,64,56,57,58,63 & 65:-**

The Subcommittee has found the recommendations acceptable for implementation.

**14. Recommendation No- 47 :-**

The Subcommittee has found that NBARD has been reviewing SHG-bank-linkage programme in the State and already undertaken preparation of revised guidelines in this regard.

**15. Recommendation No-51:-**

Regarding this recommendation, the Subcommittee feels that IBA should come out with their views.

**16. Recommendation No- 52 &53 :-**

This recommendation is being followed in SLBC, Bihar.

**17. Recommendation No-54,55,61& 62 :-**

(a) Subcommittee approach is being followed by the SLBC, Bihar

(b) As regards dedicated financial literacy division and periodic publicity drive , SLBC will examine the issue to take any decision in this regard.

(c) For identification of products and services and suggesting solution or adoption of products by Banks, SLBC has accepted the recommendation.

**18. Recommendation No-59 :-**

SLBC, Bihar is already having the website as recommended by the Thorat Committee.

The members of the Sub-Committee and other representatives from Banks / NABARD / RBI who attended the meeting were:- Dr. Sandeep Ghosh, Chief General Manager & Chairman of the Subcommittee ; Shri V.K.Agrawal, General Manager, Bank of India, Patna ; Shri R.D.Ghosh, DGM, Union Bank of India, Patna ; Shri Gopi Chand, DGM, UCO Bank, Patna ; Shri Manoj Ranjan, AGM (RPCD), RBI, Patna ; Shri K.P Malhotra, AGM, Central Bank of India, Patna ; Shri V.Harharan, DGM, NABARD, Patna ; Shri Arvind Priya, AGM, SLBC, Bihar ; Shri S.Mohan, Manager, RBI, Patna ; Shri A.Das, Manager, RBI, Patna ; Shri Samir Kumar Sinha, Chief Manager, SLBC, Bihar ; Shri D.P Sinha, Senior Manager, Punjab National Bank ; Shri P.K.Biswas, Manager, SLBC, Bihar ; Shri O.P Sharma, UCO Bank ; Shri A.K.Madan, Manager, Bank of India ; Shri R.S.More, NABARD, Patna ; Shri P.K.Das, NABARD, Patna and Shri K.Singh, NABARD, Patna.

**SUGGESTIONS / VIEWS OF THE SUB-COMMITTEE CONSTITUTED BY THE SLBC ON IN-DEPTH STUDY OF THE THORAT COMMITTEE RECOMMENDATIONS (DRAFT) ON THE LEAD BANK SCHEME ARE PLACED IN THE HOUSE FOR DISCUSSION.**

## AGENDA NO. IV

### FINANCIAL LITERACY AND CREDIT COUNSELLING CENTRES (FLCC)

Financial literacy and credit counselling initiatives are aimed at spreading awareness amongst farmers about their rights and responsibilities to greater extent and also increasing the viability of credit to them.

On the recommendations of C.P.Swarnakar Committee & S.S.Johl Committee, Reserve Bank of India advised all SLBC Convenor Banks on the 10<sup>th</sup> May '2007, to set up a FLCC on pilot basis in any one district of their respective States / Union Territories. Based on the experience gained, the Lead Banks may set up counselling centres in other Districts also.

The feedback subsequently received by RBI from the public and also from some Banks, showed that most of the FLCCs were functioning far off the desired level and objective.

In view of the above, Reserve Bank of India has felt it necessary to clarify the concept of and expectations from the "Financial Literacy and Credit Counselling Centres" through a "Model Scheme" having already been formulated by RBI

The Model Scheme defines, inter-alia, the objective of the FLCC as hereunder

- (a) To provide financial counselling services through face to face interaction as well as through other available media like e-mail, fax, mobile etc. as per convenience of the interested persons, including education on responsible borrowing, proactive and early savings, and offering debt counselling to individuals who are indebted to formal or informal financial sectors.
- (b) To educate the people in rural and urban areas, about various financial products and services available from the formal financial sector.
- (c) To make the people aware of the advantages of being connected with the formal financial sector.
- (d) To formulate debt restructuring plans for borrowers in distress, and recommend the same to formal financial institutions, including cooperatives, for consideration.
- (e) To take up any such activity that promotes financial literacy, awareness of the banking services, financial planning and amelioration of debt -related distress of an individual.

With a view to making Financial Literacy and Credit counselling initiatives a success, it is necessary to create widespread awareness about the concept and, more importantly for Banks to appreciate the overall benefits of such initiatives.

In response to the RBI advice, an FLCC was set up by SLBC, Bihar at Purnea (SBI Lead District) on pilot basis, which has been functioning since June'2007. Further, the issue of setting up FLCCs in Districts of the State has been taken up in several meetings of the SLBC, but the 27<sup>th</sup> SLBC Meeting held on the 26th March'2009 took very categorical decisions on the issue, and accordingly an action point was adopted.

In pursuance of the action point, Punjab National Bank has reportedly set up FLCCs at six centres namely Patna, Gaya, Biharsharif, Arah, Muzaffarpur and Darbhanga.

In this connection, State Bank of India is contemplating setting up two more FLCCs in the State during this financial year.

The action point on setting up FLCC (27<sup>th</sup> SLBC Meeting) still stands un-complied by Bank of India and Central Bank of India. The Banks concerned are requested to take necessary steps in this direction.

The House is requested to permit discussion on the issue so that Banks may take proactive initiative in this regard.

## AGENDA NO. V

### REVIEW OF ACHIEVEMENT UNDER ANNUAL CREDIT PLAN 2009 10

The achievement of all Banks under the Annual Credit Plan 2009-10 up to the quarter ended 30<sup>th</sup> June 2009 is as follows:-

BANKS	TARGET (IN CR.)	ACHIEVEMENT (IN CR.)	% ACH.
COM BANKS	16373.55	2487.23	15.19
CO-OP BANKS	1182.33	11.72	0.99
RRBS	3574.91	154.54	4.32
TOTAL	21127.79	2653.49	12.56

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

SECTOR	TARGET (IN CR.)	ACHIEVEMENT (IN CR.)	% ACH.
AGRICULTURE	8727.17	794.98	9.11
MSE	1321.74	168.80	12.77
OPS	3871.43	701.51	18.12
TPS	13920.34	1665.29	11.96
NPS	7207.45	988.20	13.71
TOTAL	21127.79	2653.49	12.56

All banks up to the end of June '09 have extended a credit of Rs. 2653.49 crore, which is 12.56 % of the overall target under the ACP 2009-10.

BANK-WISE & DISTRICT-WISE POSITION FURNISHED ON PAGE NOS 12A TO 12F

#### PERFORMANCE UNDER ACP AS ON JUNE'2009 VIS-À-VIS JUNE'2008

BANKS	2009-10 (RS. IN CR.)		2008-09 (RS. IN CR.)		2009-10	2008-09	% GROWTH	
	TARGET	ACH	TARGET	ACH	% ACH	% ACH	TGT	AMT
COMM.	16373.55	2487.23	13531.98	1341.79	15.19	9.92 %	21	85.36
Co-OP	1182.33	11.72	982.72	14.69	0.99	1.49 %	20	-20.22
RRBS	3574.91	154.54	2976.86	173.46	4.32	5.83 %	20	-10.91
TOTAL	21127.79	2653.49	17491.56	1529.94	12.56	8.75 %	21	73.44

SECTOR	2009-10 (RS. IN CR.)		2008-09 (RS. IN CR.)		2009-10	2008-09	% GROWTH	
	TARGET	ACH	TARGET	ACH	% ACH	% ACH	TGT	AMT
AGL	8727.17	794.98	7075.73	482.90	9.11	6.82 %	23	64.62
MSME	1321.74	168.80	1050.05	69.60	12.77	6.63 %	26	142.52
OPS	3871.43	701.51	3360.06	349.44	18.12	10.40 %	15	100.75
TPS	13920.34	1665.29	11485.84	901.94	11.96	7.85 %	21	84.63
NPS	7207.45	988.20	6005.72	628.00	13.71	10.46 %	20	57.36
TOTAL	21127.79	2653.49	17491.56	1529.94	12.56	8.75 %	21	73.44

The above comparative performance shows that the overall achievement as on 30.06.2009 is 12.56 % against 8.75 % during the corresponding period last year, i.e., as on 30.06.2008.

During the quarter ended June'2009, Cooperative Banks and RRBs have posted negative growths- (-) 20.22 % & (-) 10.91 % respectively in their performances over their performances during the same quarter last year, while Commercial Banks have recorded very impressive growth of 85.28 % during June'2009 quarter over the performance during June'2008 quarter. Overall performance under the ACP'2009-10 as on June'2009 has achieved a growth of 73.44 % over that of June'2008 quarter. The sector-wise growths are 64.62 % in agriculture, 142.52 % in MSME, 100.75 % in OPS, 84.63 % in TPS, and 57.36 % in NPS.

What is remarkable is the growth in MSE advances during the quarter ended June'2009. Credit extension by Banks under PMEGP has contributed a lot to the growth.

**THE HOUSE IS REQUESTED TO DISCUSS THE AGENDA**

## AGENDA NO-VI

### 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 2009-10 loans amounting to Rs.172.05 cr. have been sanctioned to 3995 students up to June' 2009 against Rs.127.47 cr. to 3420 students during the same period last year. As the period from June to August is the pick period for admission of students in different academic institutions, financing under education loans will consequently increase in the coming quarters.

BANK-WISE PERFORMANCE SO FAR IS PLACED ON PAGE NO-17 A

### FINANCIAL INCLUSION

On the 30 June'2009, 93.58 % of financial inclusion has been completed in all the 19 identified districts of the State. Out of them, five districts namely Shiekhpora (Lead Bank- Canara Bank), Sheohar (Lead Bank- Bank of Baroda), Purnea (Lead Bank- State Bank of India), Supaul (Lead Bank- SBI) and Gopalganj (Lead District- Central Bank of India) have achieved 100 % Financial Inclusion. Further, there are 10 districts- Saharsa (Lead Bank- SBI), Buxar (PNB), Bhojpur (Lead Bank-PNB) Gaya (Lead Bank -PNB), Katihar (Lead Bank- CBI) Siwan (Lead bank-CBI), Madhubani (Lead Bank- CBI), Vaishali (Lead Bank- CBI), Saran (Lead Bank-CBI), and Munger (Lead Bank- UCO Bank) where more than 90 % of FI has been achieved. In case of other Districts except in Khagaria, more than 80 % FI has been completed.

DISTRICT-WISE PERFORMANCE AS COMPILED BY THE SLBC IS PLACED **ONPAGE NO-17 B**

### DROUGHT IN BIHAR- RELIEF MEASURES BY BANKS

Unfortunately this year too, the State of Bihar has been hit by natural calamity - this time by drought, unlike by floods during the last two years 2007-08 & 2008-09 in a row, badly affecting 26 of the 38 Districts of the State. This year, the "Monsoon" has betrayed the State to the dismay of all of us. Sensing the gravity of the situation, a Special meeting of the State Level Bankers' Committee, Bihar was convened on the 11<sup>th</sup> August'2009, which was attended by the Hon'ble Deputy Chief Minister, Bihar; Minister, Co-operative, Bihar; Minister, Disaster Management, Bihar; Development Commissioner, Govt. of Bihar; Principal Secretary Finance, Govt. of Bihar; Principal Secretary, Disaster Management, Govt. of Bihar, and the Controlling Heads of all major Banks / RRBs operating in the State. The meeting concentrated its focus mainly on implementation of RBI Master Circular on relief measures by Banks in the areas affected by natural calamities.

The Bihar Government Notification No 2221 dated the 10<sup>th</sup> August'2009 on drought affected Districts in the State, provided in the meeting, has already been circulated by the SLBC, Bihar amongst all Lead Bank Managers of the districts concerned with advice to implement the following decisions of the meeting :-

- Providing consumption loans / agricultural loans / crop loans / KCC/ fresh loans under different segments for resumption of normal business, to all affected people / farmers in the notified Districts of the State.
- DRI loans (@4 %. Per annum) to be provided to the needy people, subject to maximum coverage of people belonging to SC / ST and women categories, apart from providing Top-up Loans under the scheme to the beneficiaries of Indira Awa Yojna.
- Restructuring of existing loans as per each Bank's extant instructions.
- Providing General Purpose Credit Cards up to Rs.25000/- .

Besides the above, State Level Bankers' Committee has, as decided in the meeting, advised

the Lead District Managers of all the affected Districts to hold DLCC / DLRC meetings within 10 days for drawing up action plans on extending loans to the drought affected people.

#### **OTHER DECISIONS OF THE MEETING:**

- The Regional Director, Reserve Bank of India, Patna has suggested forming a Special Task force under the Chairmanship of the Development Commissioner, Government of Bihar, which may every fortnight review extension of loans and other facilities to the affected people by Banks until normal situation is restored in the affected areas of the State.
- The Secretary, Cooperative, Government of Bihar suggested drawing up a concrete plan by Banks in cooperation with the Regional Director, National Agriculture Insurance Corporation Ltd., so as to implement agricultural insurance on a large scale amongst both the borrowers and non-borrower farmers, particularly in the drought affected Districts on urgent basis.
- The Principal Secretary, Rural Development, Govt. of Bihar has advised that wage payments to NREG beneficiaries through Banks should be easier, and Banks should provide banking facilities as per RBI Master Circular on relief measures also to the NREG Card holders.
- The State Government in cooperation with NBARD has envisaged and rolled out a scheme named "Bihar Ground Water Irrigation Scheme" (BIGWIS) replacing the erstwhile MSTP scheme. Under the scheme, installation of 4, 64,000 tube-wells is targeted, out of which about 1, 00,000 tube-wells will be installed during the current financial year. The State Government has emphasised the need for extending the benefits of the scheme on priority basis in the Districts affected by the recent drought.

In this connection, the Government has approved the scheme in principle and instructions in this regard will be conveyed to Banks soon. However, information from the Government about formal launching of the scheme is still awaited. Meanwhile, the Regional Office, NABARD, Patna has advised the District-wise Banking Plan for 2009-10 under "BIGWIS" to the SLBC with a request to convey the same to all LDMs for allocating Bank-wise targets in their respective Districts.

Both the Government and NABARD are requested to advise the House on the matter so that a clear message / instructions may be conveyed to Banks for implementation of the scheme.

As a follow up, the House is requested to initiate discussion in context of the above decisions taken in the Special Meeting so as to add impetus to the efforts being taken by Banks in this regard.

#### **PM'S NEW 15 POINT PROGRAMME – FOR WELFARE OF MINORITY COMMUNITY**

The 26<sup>th</sup>, 27<sup>th</sup> and the 28<sup>th</sup> SLBC Meetings held respectively on the 25<sup>th</sup> November'08, 26<sup>th</sup> March 2009 and 27<sup>th</sup> May'2009 discussed the issue at length. Under the programme, Banks have 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 this 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

Performance as on 30.06.2009 in all the seven identified districts is placed on **Page No-17C** for review by the House.

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

In view of the worldwide global recession affecting our economy as well, the Ministry of Finance, Government of India advised all SLBC Convenor Banks to hold Special Meetings to discuss, facilitate and pursue the implementation of several economic stimulus measures announced by the Government, Reserve Bank of India and All India Banks' Association (IBA) particularly for MSME, Housing and Auto Sectors.

So far, four SLBC meetings have been convened by the SLBC respectively on 23<sup>rd</sup> January, 26<sup>th</sup> February, 30<sup>th</sup> April'2009 and 29<sup>th</sup> June'2009.

The important decisions taken in the Special SLBC Meeting held on the 29<sup>th</sup> June'2009 are placed hereunder for the information of the House and necessary follow-up discussions thereon:-

- ☐ In each District, a small committee to be formed, comprising of the Lead District Manager and two to three Bankers. The small committee will prepare some model projects on the trade and industries prevalent in the District and Banks may use them while considering proposals relating to the project.
- ☐ Banks to identify two to three industries in each District, to finalize scale finance for them, and to develop scoring model within one to two months.
- ☐ Proposals relating to food processing industries to be disposed off by Banks on priority basis.
- ☐ Sufficient delegation of powers for sanction / rehabilitation of SMEs should be provided to the field level functionaries of Banks.
- ☐ Scoring Model may be adopted by Banks for sanction of all advances up to Rs.2 crores.
- ☐ Loan applications for SME advances should so designed as to contain a checklist of the documents and information need to be furnished with the applications for facilitating speedy processing.
- ☐ For single point appraisal, sanction, documentations, renewal and enhancement of loan proposals, centralized credit processing centres should be established by Banks.
- ☐ Committee approach to be adopted for sanction, renewal / review, enhancement of loan proposals, and rehabilitation of sick units.
- ☐ Banks to focus on opening more specialized MSME branches particularly in identified clusters.
- ☐ The state Government to consider setting up Central Registry for registration of charges of all Banks / other lending institutions in respect of all movable and immovable properties of the borrowers.
- ☐ The State Government to consider waiver of stamp duty on assignment of actionable claims or lowering the existing ceiling.
- ☐ A separate Ministry under the State Government should be in place for MSME sector with short and long term planning for the development of the sector.
- ☐ The State Government to provide preferential treatment to MSME regarding uninterrupted power supply. if need be, the Government may consider providing back ended subsidy on loans taken by MSME entrepreneurs for DG sets.
- ☐ Government to consider providing lands to MSMSE entrepreneurs at 50 % of the normal cost, apart from providing 50 % subsidy on capital cost of common facilities.

Performance of Banks under the stimulus package on MSME as on June'2009 is placed on **PAGE NO- 17 D & 17 E**. The House is requested to please initiate follow-up discussions on the action points of the meeting.

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## **NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS)**

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> March '2009 is Rs.1260.44 crore, covering 566346 farmers.

In this connection, the State Level Coordination Committee on NAIS in its meeting held on 20.07.2009 under the Chairmanship of the Development Commissioner, Govt. of Bihar, has approved extension of last dates of insurance up to 15.08.2009 & 31.08.2009 for non-borrower farmers respectively under Weather Based Crop Insurance Scheme & National Agriculture Insurance Scheme, in case of borrower- farmers, the last date of insurance under Weather Based Crop Insurance Scheme stands extended up to 15.08.2009.

However, as advised by the Agriculture Insurance Company of India Ltd., Patna, the Central Government has not accorded its approval to the decision taken in the SLCC meeting held on 20.07.2009, in respect of extension of dates of insurance under WBCIS for non-loanee and lonee farmers respectively from 30.06.2009 to 15.08.2009, and from 31.07.2009 to 15.08.2009. Further, in case of non-lonee farmers under NAIS, the existing date of insurance (31.07.2009) has been extended to 31.08.2009 by the Central Government, restricting the insurance coverage only to "Agahni Paddy Crop", subject to certain terms and conditions.

Further, Agriculture Insurance Company of India Ltd, Regional Office, Patna has observed a huge gap between crop loans disbursed and insured as on 31.03.2009 by some Banks. Although the Agriculture Insurance Company of India Ltd has already brought the position to the knowledge of Banks concerned, all Banks should review the position and ensure that insurance coverage under NAIS is provided to all eligible farmers, which has become even more important in view of the drought situation in the State.

The position of insurance under WBCIS and NAIS for Kharif 2009 up to 20<sup>th</sup> August 2009, as advised by Agriculture Insurance Company of India Ltd, is placed on **Page no 17 F & 17 G**

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

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 Ministry (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 District-wise target to all Lead Bank Managers vide Letter No. RBU-I / SLBC / 70 dated 09.04.2008. The target of 15268 is really the overall population of the scavengers prevalent in the State, and which should be pursued by Banks also during the current year.

On the scheme, a meeting was held with Banks on 24.07.2009 under the Chairmanship of Secretary, Welfare Department for the scheduled castes / scheduled tribes, Govt. of Bihar. The meeting expressed concern on number of applications under SRMS lying still pending with different bank-branches in the State. The Department also provided lists of such Branches (district / bank-wise). State Level Bankers' Committee has also advised Banks,

enclosing the list of pending application-branches, to take action for quick disposal of pending applications at their branches. Again in a follow-up meeting with Banks and LDMS on the 3<sup>rd</sup> August'2009 in the office of the Bihar State Scheduled Caste Co-operative Development Corporation Ltd., Shri B.K.Thakur, Director (Banking) has advised LDMS and the District Welfare Officers to vigorously pursue disposal of pending applications with the branches. For quick disposal of applications under the scheme, Shri Samir Kumar Sinha, Chief Manager, SLBC, Bihar advised the Corporation to arrange for issuing identity cards to all identified applicants, which will help branches open loan accounts in conformity with KYC norms. The Bihar State Scheduled Caste Co-operative Development Corporation Ltd has agreed to issue the required identity cards within a week.

As the scheme is relating to social justice and empowerment to the down trodden and the marginalized segments of the society, the House is requested to advise all concerned to take necessary steps to clear all pending applications under the scheme.

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<b>AGENDA NO. VII</b>
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**REVIEW OF PERFORMANCE  
GOVT. SPONSORED SCHEMES/PROGRAMMES**

**(A) A NEW SCHEME- BIHAR GROUND WATER IRRIGATION SCHEME (BIGWIS)**

Bihar Ground Water Irrigation Scheme (BIGWIS) is a new programme replacing the erstwhile MSTP Scheme, which was withdrawn in March 2007. The new programme is being implemented by the Department of Minor Water-Resources, Government of Bihar in cooperation with NABARD, Bihar with the object of ensuring irrigation for 9.28 lakh hectares of land in the State by helping beneficiaries install 4,64,000 tube-wells / dug-wells with pump-sets, during the remaining 3 years of the 11<sup>th</sup> Five Year Plan ending in 2012.

The Scheme has been accorded approval in principal by the Planning Commission, Government of India. The unutilized subsidy under the erstwhile Govt. sponsored scheme available with NABARD, Bihar will also be used under this scheme.

Implementation of the scheme will be monitored through the Web enabled Information Management System (MIS) developed by NABARD.

**SALIENT FEATURES OF THE SCHEME:-**

- |          |   |  |
|----------|---|--|
| <b>1</b> | <b>Name of the Scheme</b>   | <b>BIHAR GROUND WATER IRRIGATION SCHEME<br/>(BIGWIS)</b>   |
|          | <b>Projected Fund</b>   | :- Rs.2393.34 crores   |
|          | <b>Number of Projects</b>   | :- 4,64,000 Tube-wells   |
|          | <b>Subsidy Amount</b>   | :- Rs.1055.89 crores (45 %)  |
|          | <b>Bank loan</b>  | :- Rs.1055.89 crores (45 %)  |
|          | <b>Beneficiaries' share</b>   | :- Rs.234.64 crores (10 %)   |
|          | <b>Generation of irrigation facilities</b>  | :- 9.28 Lac Hectares   |
|          | <b>Outlay of the scheme</b>   | :- Tube-well: 4 inches in diameter and 70 metres in depth. Dug-well : 3 metres in diameter & 12 metres in depth. |
| <b>2</b> | <b>Financial Management :-</b>  |  |
|          | <b>Subsidy</b>  | :- 45 % of the unit cost   |
|          | <b>Bank loan</b>  | :- 45 % of the unit cost   |
|          | <b>Margin money of the beneficiary</b>  | :- 10 % of the unit cost   |
|          | <b>Lock-in-period</b>   | :- 2 years   |
| <b>3</b> | <b>Eligibility: - This scheme targets all types of farmers, however on an average 16 % of the beneficiaries should belong to SC /ST categories.</b>                   |  |
| <b>4</b> | <b>Inspection of Assets: - For the inspection of assets created out of loans under the scheme, a third party is provided under the scheme.</b>                        |  |
| <b>5</b> | <b>Insurance coverage against natural calamities: - This facility is provided under the scheme for the benefit of the borrowers.</b>                                  |  |
| <b>6</b> | <b>Service Area approach: - Banks will cover beneficiaries belonging only to their service areas.</b>   |  |
| <b>7</b> | <b>Applications: - Application forms under the scheme, devised by NABARD, Bihar will be made available free of cost at all bank-branches implementing the scheme.</b> |  |

The Minor Water-Resources Department, Government of Bihar will be the Nodal Agency for the scheme, the pump-sets financed under the scheme will be as per Indian Standard Bureau, and RBI Instructions will be applicable in respect of rate of interest chargeable under the scheme.

For implementation of the scheme, NABARD, Bihar has recently advised District-wise banking plan under BIGWIS for 2009-10 separately for Commercial Banks, RRBs, Commercial Banks + RRBs. The Plan also provides a tentative unit cost under the scheme.

The Banking Plans under BIGWIS are placed on **Page no 19 A to 19 C**

In this connection, all Lead Banks are advised to convey the District-wise Plans to their respective Lead Bank Managers for allocating the same amongst all bank-branches in their district for implementation. The progress of Banks under the scheme should be reviewed in DLCC meetings.

### **(B) PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP)**

Under the scheme the following budget for 2009-10 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

Bank-wise / District-wise target under the scheme worked out by the SLBC in consultation with KVIC, has already been circulated among all banks vide SLBC Letter No RBU-I /SLBC / 643 dated the 10<sup>th</sup> July'2009. In this connection, it is presumed that district-wise targets under the scheme (as advised by the SLBC) might have been conveyed to all the Lead District Managers by the Lead Banks concerned and also by the KVIC / DICs. For timely and quick sanction and disbursement of loans under the scheme, all concerned should put in more efforts. The performance under the scheme should also be reviewed in DLCC meetings on regular basis, wherein effective measures should be suggested for improving poor performing branches.

Previous year, the performance of Banks under the scheme remained dismal because of the programme itself launched very late; and branches received applications in bulk at the fag end of the year, thus most of the applications remained pending. The situation was also discussed in the 28<sup>th</sup> SLBC Meeting, and SLBC, Bihar has written to KVIC for extension of date for sanction / disbursement of loans under the Scheme relating to 2008-09.

In this connection, KVIC, Patna has advised that Banks should consider all the pending applications under the scheme (relating to 2008-09) against their targets for the current year 2009-10 and arrange for taking back all those applications (2008-09) already returned to the originating agencies for consideration. SLBC, Bihar has accordingly advised all Banks to take necessary steps in this regard.

Since Banks have disbursed loans up to June'2009 in case of applications sanctioned up to 31.03.2009 under PMEGP 2008-09, and also the target for the year 2009-10 has been allocated to Banks in the month of July'2009, Bank-wise performance under PMEGP'2008-09 as on June'2009 as compiled by KVIC, Patna is placed on **Page No 19 D** for review.

**HOUSE IS REQUESTED TO DISCUSS THE ISSUE**

**(C) SWARN JAYANTI GRAM SWAROZGAR YOJNA (SGSY)**

Disposal of loan applications as on 30.06.2009 under SGSY during the year 2009-2010 has been shown below:

PARTICULARS	NUMBER	AMT (IN CR.)
TARGET	228360	570.85
PROPOSALS RECEIVED	11066	
PROPOSALS SANCTIONED	10406	35.65
PROPOSALS DISBURSED	9964	25.81
ACHIEVEMENT IN % (SANCTION / TARGET)		6.25 %
ACHIEVEMENT IN % (DISB / TARGET)		4.52 %
PROPOSALS RETURNED/REJECTED	125	
PROPOSALS PENDING	535	

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

Performance of all Banks under the scheme is 4.52 % as on 30.06.2009. Bank wise performance is furnished on **Page Nos.20 A & 20 B**

**OUT OF THE ABOVE PERFORMANCE, BANK-WISE GROUP FINANCING (SHGS) vis-à-vis PHYSICAL TARGETS IS GIVEN HEREUNDER- AS ON 30.06.2009**

BANKS	GROUPS		% ACH
	TARGET (NO)	ACH (NO)	
STATE BANK OF INDIA	4307	525	12.19
CENTRAL BANK OF INDIA	2929	352	12.02
PUNJAB NATIONAL BANK	3098	145	4.68
CANARA BANK	541	65	11.46
UCO BANK	1075	60	5.58
BANK OF BARODA	616	88	14.29
UNION BANK	305	22	7.19
BANK OF INDIA	938	108	11.51
ALLAHABAD BANK	1116	119	10.66
INDIAN BANK	89	3	3.37
SYNDICATE BANK	54	3	5.56
UNITED BANK OF INDIA	523	205	39.20
MADHYA BIHAR GRAMIN BANK	1596	79	4.95
BIHAR KSHETRIYA GRAMIN BANK	638	35	5.49
SAMASTIPUR KSHETRIYA GRAMIN BANK	327	71	21.72
UTTAR BIHAR GRAMIN BANK	4684	542	11.57
TOTAL	22836	2422	10.61

As on June 2009, Banks have extended loans to 2422 groups under SGSY, which is 10.61 % of the physical targets fixed under group-financing for 2009-10.

HOUSE IS REQUESTED TO REVIEW.

**D) SWARNJAYANTI SHAHARI ROJGAR YOJANA (SJSRY)**

Against the receipt of 135 applications, 124 applications involving Rs.67 lakh have been sanctioned as on 30.06.2009, out of which Rs.55 lakh has been disbursed.

Some Banks, as reported to RBI, are charging interest under the scheme in violation of the RBI Guidelines contained in Para-3 of the Master Circular on SJSRY dated the 1<sup>st</sup> July'2008.

As per RBI Guidelines, no interest is payable on subsidy amount under the scheme held by Banks, and for the purpose of charging interest on loan amount, the subsidy amount is to be excluded there from.

Banks are requested to look into the matter and ensure compliance of the RBI Instructions in this regard.

Bank-wise position is furnished on **Page No 20 C & 20 D**

## AGENDA NO VIII

### 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 an affordable cost is essential for the overall economic development of the society. With this 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 3401 SHGs as on 30.06.2009 with Bank-finance of Rs.22.89 crore.

Year-wise performance under SHG Financing (Under NABARD regular scheme) is given hereunder for review by the House

(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 2008-09	25696	211.44
DURING 2009-10 AS ON JUNE'2009	3401	22.89

Bank-wise comparative year-wise performance under SHG Bank-linkage as on 30.06.2009 is enclosed on **Page No21 A & 21B**

### DATA ON PROGRESS OF SHG MOVEMENT IN BIHAR

State Level Bankers' Committee, Bihar has been compiling data on progress of SHG movement in terms of SB A/cs opened and number of SHG Bank-linkage established by Banks, and the progress data are regularly placed in SLBC Meetings for review by the House. Further, in terms of RBI Guidelines, Banks are submitting half yearly progress report on the format prescribed by RBI, to NABARD Head Office, Mumbai.

In this connection, it has been observed that there has been a mismatch between the data reported to SLBC and the data reported to NABARD Head Office by Banks

In view of the above, NABARD, Patna has suggested SLBC, Bihar to advise all Banks to submit data to the SLBC on SHG progress on the RBI format (Reference- RBI Master Circular Ref.No.RPCD.MFFI.BC.No.09/12.01.001/2009-10 dated 1<sup>st</sup> July'2009)

The RBI Format for reporting SHG progress is placed on **Page No21C to 21G** and all Banks are requested to submit the required data to SLBC only on the format from now on.

<b>AGENDA IX</b>
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**KISAN CREDIT CARD (KCC)  
REVIEW OF PROGRESS AS ON 30. 06 .2009**

**A summarized statement of targets vis-à-vis cards issued by Commercial Banks & RRBs up to 30/06/2009 is given below:**

BANKS	TARGET (NUMBER)	ACH. SANC.(NOS)	%ACH
COM. BANK	8,61,429	93,310	10.81
RRBS	4,78,571	21,365	4.46
CO-OPERATIVE BANKS	1,60,000	2,107	1.32
TOTAL	15,00,000	1,16,782	7.79

**Average financing under KCC by Commercial Banks as on June '09 stands at Rs.38 thousand approximately; while by RRBs, Rs.39 thousand and by Co-operative, Rs.18 thousand approx.**

**Bank wise performance is furnished on Page No 22 A & 22 B**

**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 been identified for the Special Campaign for 100 % coverage under KCC.**

**District-wise performance as on 30.06.2009 in all the 38 districts in Bihar is placed on Page No 22 C**

**THE HOUSE MAY REVIEW THE POSITION**

<b>AGENDA NO. X</b>
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**DISCUSSIONS ON FOLLOWING ISSUES****CD RATIO-**

The C D Ratio in the State as on 30. 06.2009 is as under:

(Rs. in Crore)			
BANK	DEPOSIT	CREDIT	C D RATIO
COMM. BANKS	71234.27	19703.46	27.66 %
CO-OP. BANKS	1328.46	621.87	46.81 %
RRBS	11117.68	3916.43	35.23 %
TOTAL	83680.41	24241.76	28.97 %
RIDF	—	1330.00	
GT	83680.41	25576.71	30.56 %

As on June'09, CD Ratio in Bihar stands at 30.56 %

Bank-wise and other details (June'09) are furnished on **Page Nos. 24 A to 24 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 form the RIDF.

District-wise position as on 30.06.2009 is placed on **Page No-24 C**

However, the House is requested to review the position.

**RECOVERY-**

A summary of the recovery data (As on 30.06.2009) as collected by the SLBC is given below.

(RS. IN CRORE)			
BANK	DEMAND RAISED	AMOUNT RECOVERED	RECOVERY %
COM. BANKS	4452.08	1965.11	44.14
CO-OP	431.58	251.05	58.17
RRBS	1012.51	352.57	34.82
TOTAL	5896.17	2568.73	43.57

The recovery stands at only 43.57 % of the total demand raised by Banks as on the 30<sup>th</sup> June' 09, indicating upsurge in NPAs. Bank-wise position of recovery as on 30.06.2009 is furnished on **Page Nos 24 H & 23 I**

**THE HOUSE MAY REVIEW THE POSITION**



## **NPA & WRITE-OFF-**

As on 30.06.2009, overall position of NPA and the amount of loans written off are as under

(RS. IN CRORE)

BANKS	TOTAL ADV.	TOTAL NPA	% OF NPA	AMT WRITTEN OFF	% OF WRITTEN OFF
COMM.	19703.46	1881.04	9.55 %	1138.12	5.78 %
CO-OP	621.87	115.90	18.64	0	0
RRBS	3916.43	229.49	5.86 %	98.56	2.52 %
TOTAL	24241.76	2226.43	9.18 %	1236.68	5.10 %

The NPA level as on 30.06.2009 is 9.18 % of the overall advances. The position is not encouraging and all efforts need to be taken for bringing down the NPA level below 5%. Due to advances written off every year, C D Ratio has also been affected. Details on **Page NO-24J & 24K**

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

### **PRIORITY SECTOR LENDING:-**

As on 30.06.2009, 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 No 24 L & 24 M**

The House may notice that the ratio of priority sector advances to total advances is as high as 66.15 %, which is well above the stipulated benchmark of 40%.

### **AGRI CREDIT: -**

At the State level, the ratio of Agri Credit is 38.15 % as on 30.06.2009, against the national benchmark of 18%. However, a few banks are below the benchmark. Bank-wise position is furnished on **Page Nos.24 L & 24 M**

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

As on the 30<sup>th</sup> June'09, the aggregate advance level under DRI scheme is Rs.11.11 crores. In terms of National Benchmark, the level of advances under DRI as on June'09 accounts for 0.05 % of the total advances (Rs.24051.09 cr.) as on 31.03.2009.

In view of the present drought situation in the State, a Special Meeting of SLBC, Bihar was held on the 11<sup>th</sup> August'2009 in which it was resolved among others that Banks should provide DRI loans (@4 %. Per annum) to the needy people, subject to maximum coverage of people belonging to SC / ST and women categories, apart from providing Top-up Loans under the scheme to the beneficiaries of Indira Awas Yojna.

We have requested member Banks to monitor the progress in this regard so that not only the benchmark stipulated is achieved, but also the drought affected people of the State get the much needed financial assistance under the scheme.

Bank-wise position is furnished on **Page Nos.24 L & 24 M**

### **WEAKER SECTION: -**

Against the benchmark of 10% under weaker sections, performance of all Banks as on 30.06.2009 is 25.92 %. Bank-wise position is furnished on **Page Nos.24 L & 24 M**

## AGENDA –XI

### STATUS OF UNBANKED BLOCKS - BRANCH EXPANSION

#### SUB-COMMITTEE ON UNBANKED BLOCKS

As on date, there are 22 un-banked Blocks in the State, out of which 14 Blocks have already been surveyed afresh by a small Committee under the Sub-committee of the SLBC, Bihar on Un-banked Blocks. The eight Blocks which have been found viable for opening of new branches are Chugain (Buxar), Chausa (Madhepura), Shankarpur (Madhepura), Srinagar (Purnea), Dagarua (Purnea), Lakhnaur (Madhubani), Chiraut (Sitamarhi) & Chewara (Shiekhpora). As regards Dagarua (Purnea), Central Bank of India has opened a new branch there on 30.07.2008. However, State Bank of India is also in the process of opening a new branch there for which RBI Licence has already been received by the Bank.

In the Budget Speech 2009-10, the Hon'ble Union Finance Minister has also drawn attention to the fact that despite branch expansion in the Country, there are still many areas which are either un-banked or under-banked. In this connection, as decided in a meeting of Planning Commission with the officials of Ministry of Finance, Reserve Bank of India and IBA on the 29<sup>th</sup> April'2009, those Blocks which do not have either a branch of SCB or RRB should be identified as un-banked / under-banked area and a branch of SCB / RRB should be opened on priority basis in those Blocks.

About un-banked Blocks as defined above, there are presently only four Blocks out of the 22 un-banked Blocks as per SLBC agenda, which do not have any branch of SCB or RRB. Those Blocks are mentioned below:-

SL. NO	NAME OF THE DISTRICT	NAME OF THE LEAD BANK	NAME OF THE BLOCK
1	LAKHISARAI	PUNJAB NATIONAL BANK	PIPARIYA
2	WEST CHAMPARAN	CENTRAL BANK OF INDIA	PIPRASI
3	BHAGALPUR	UCO BANK	ISMAILPUR
4	SHEIKHPURA	CANARA BANK	GHATKUTUMBA

However, Lead Banks in the State have been pursuing opening of new branches in un-banked Blocks as per SLBC Agenda, SLBC, Bihar feels that efforts should be stepped up on priority basis by Banks concerned in the above mentioned Blocks, which are literally un-banked / under banked in conformity with Government's stipulation. In this regard, as advised by the Department of Financial Services, Ministry of Finance, Govt. of India, effective steps should be taken up for opening of a bank-branch of the Lead Bank of the District or of the RRB duly following the RBI Guidelines. The department has further advised that appropriate use of Business Correspondent Models (BC) / Business Facilitator Models (BF) may be made by Banks to reach the remote areas in un-banked and under-banked areas of the State

With a view to ensuring at least one branch / Point of Sale (POS) for providing banking services in each of the un-banked Blocks, an amount of Rs.100 crores has been provided during the current year as one-time grant-in-aid in respect of infrastructure support to Banks. In this connection, Secretary (Resources), Govt. of Bihar convened a meeting with Banks for discussion on utilization of the fund by Banks also in the State for opening branches in the identified un-banked Blocks. As the issue of un-banked Blocks is a long standing agenda of the SLBC, Bihar, Banks concerned have been pursuing the same in a continuous way, branches in many of the un-banked Blocks have already been opened, and in rest of the viable centres necessary arrangements have already been made by Banks with their own resources (financial); however, discussion on the issue, with the permission of the Chair, may be made to ascertain that financial assistance out of "Rs.100 crore One-time Grant- in -aids" is at all required by the Banks concerned in Bihar for infrastructure support.

The House is requested to please review the position of un-banked Blocks as on 30.06.2009 in the State and permit discussion on the issue of utilisation of the Rs.100 crore corpus fund created by the Union Government for providing infrastructure support to Banks in setting up new branches in un-banked Blocks.

### **LATEST POSITION OF UN-BANKED BLOCKS**

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

<b>S. N</b>	<b>DISTRICT</b>	<b>BLOCK</b>	<b>STATUS</b>
<b>1</b>	<b>BUXAR</b>	<b>CHAUGAIN</b>	<b>RBI Licence has already been obtained; branch will be opened by 30<sup>th</sup> September by Punjab National Bank.</b>
<b>2</b>	<b>KAIMUR</b>	<b>NUWAN</b>	<b>RBI Licence already obtained, branch will be opened by 30<sup>th</sup> September by Punjab National Bank.</b>
<b>3</b>	<b>GAYA</b>	<b>PARAIYA</b>	<b>Punjab National Bank has already applied to RBI on 28.03.2009, and branch opening licences for all the six centres are being awaited by PNB.</b>
<b>4</b>	<b>GAYA</b>	<b>MOHRA</b>	
<b>5</b>	<b>NALANDA</b>	<b>BAIN</b>	
<b>6</b>	<b>NALANDA</b>	<b>THARTHARI</b>	
<b>7</b>	<b>NAWADA</b>	<b>MESKAUR</b>	
<b>8</b>	<b>LAKHISARAI</b>	<b>PIPARIYA</b>	<b>RBI Licence already obtained, branch will be opened by 30<sup>th</sup> September by Punjab National Bank.</b>
<b>9</b>	<b>KAIMUR</b>	<b>ADHORA</b>	

(STATUS UPDATED ON THE BASIS OF INFORMATION GIVEN BY PNB IN THE MEETING WITH THE SECRETARY (RESOURCE), GOVT. OF BIHAR HELD ON 21.07.2009.)

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

<b>S.N</b>	<b>DISTRICT</b>	<b>BLOCK</b>	<b>STATUS</b>
<b>1</b>	<b>MADHEPURA</b>	<b>CHAUSA</b>	<b>Building for the new branch is almost complete, and branch will be opened by 30<sup>th</sup> September'2009. ( RBI Licence is valid up to Nov'2009)</b>
<b>2</b>	<b>MADHEPURA</b>	<b>SHANKARPUR</b>	<b>Construction of building for the new branch has just been started at Shankarpur. Branch will likely be opened by 30<sup>th</sup> September'2009</b>
<b>3</b>	<b>PURNEA</b>	<b>SRINAGAR</b>	<b>SBI has so far not found any suitable place and building at the centre. However, BDO, Shankarpur has in principal agreed to provide a building in the Block premises, but official process in this regard is yet to be initiated. Bank is pursuing completion of required formalities in this regard with the Block Administration.</b>

## NAME OF THE BANK: CENTRAL BANK OF INDIA

S.N	DISTRICT	BLOCK	STATUS
1	DARBHANGA	GAURABAURAM	Central Bank of India who found the centre non-viable earlier has decided to undertake a fresh survey of the centre for opening a new branch thereat.
2	MADHUBANI	LAKHNAUR	As reported by CBI, Zonal Office, Muzaffarpur, one branch of CBI and one branch of SBI are already functioning at Jhanjharpur within eight kilometers from the Block Head Quarter of Lakhsaur. Jhanjharpur incidentally falls under Lakhsaur Block. Apart from the two branches of CBI & SBI, one branch of Uttar Bihar Gramin Bank has also been functioning in the vicinity since long.
3	W.CHAMPARAN	BHITAHA	Nonviable
4	W.CHAMPARAN	PIPRASI	Nonviable

## NAME OF THE BANK: BANK OF BARODA

S.N	DISTRICT	BLOCK	STATUS
1	SITAMARHI	CHIRAUT (Based on the information received from Mr.Nikhil, BoB on 26.08.2009 over telephone)	As per latest information conveyed by Bank of Baroda, the Centre has been found non-viable; however, the Bank is proposing to conduct a fresh survey of the centre.
2	SHEOHAR	DUMRIKUTSARI	NOT VIABLE

## 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	SHIEKHPURA	SHIEKHOPUR SARAI	Found nonviable
2	SHIEKHPURA	CHEWARA	Branch has already been opened on the 31 <sup>st</sup> July'2009 by Canra Bank
3	SHIEKHPURA	GHATKUTUMBA	Found non-viable

## NAME OF BANK: UNION BANK OF INDIA

S.N	DISTRICT	BLOCK	STATUS
1	SAMASTIPUR	SHIBAJI NAGAR	Found nonviable