

**Minutes of the 33rd Meeting of the State Level Bankers' Committee, Bihar  
held on 8th Sep'2010 at Patna for June'2010 Quarter:**

The 33rd review meeting of State Level Bankers' Committee, Bihar was held on the 8th September 2010 at Hotel Chanakya, Patna under the Chairmanship of Shri R. Venkatachalam, Chief General Manager, State Bank of India, Patna Circle and Convener & Chairman SLBC, Bihar. The meeting reviewed the performance of banks for the first quarter ended June 2010 under Annual Credit Plan 2010-11.

- The following dignitaries also attended the meeting:
- Shri Anup Mukerjee, Chief Secretary, Government of Bihar.
- Shri K.C.Saha, Development Commissioner, Government of Bihar.
- Shri Rameshwar Singh, Principal Secretary, Finance, Government of Bihar.
- Shri A.K.Sinha, Principal Secretary, Agriculture, Government of Bihar.
- Shri S.K.Negi, Principal Secretary, Animal Husbandry & Fisheries Resources Department and Co-operative, Govt. of Bihar.
- Shri Subhkirti Mazumdar, Principal Secretary Industries, Government of Bihar.
- Shri G.Mahalingam, Regional Director, Reserve Bank of India, Patna.
- Shri V. Mohan Doss, Chief General Manager, NABARD, Patna.

Delivering the keynote address Shri Venkatachalam welcomed the Chief Secretary and other distinguished guests and highlighted the following issues:

- Banks have been able to record a marginal increase of 10 basis points in the CD Ratio during the period under review despite the fact that normally credit off-take or credit delivery in the first quarter is low due to banks being pre-occupied with Statutory Audit and finalisation of their financial statements. The low CD ratio in the State has been an area of major concern for all banks and, therefore, they have to initiate concerted efforts for achieving the ambitious target of CD ratio of 35% by the end of the current financial year.
- The State has not received normal rains in the current monsoon season and the entire State has been declared as drought affected by the Government. Banks should, therefore, provide consumption loans to all the eligible and needy farmers. Further, all the crop loans provided by banks for Kharif crops should invariably be insured so that in the event of loss, the farmer-borrowers may be compensated.
- With regard to achievement under Annual Credit Plan 2010-11, it was observed that banks have posted better performance this year, as loans aggregating Rs. 4160.93 Crores were disbursed during the quarter under review, against Rs.2653.49 Crore disbursed during the corresponding period last year, registering an increase of almost 57%. However, in %age terms, the achievement was only 11.25% of ACP against 12.56% during the same period last year, which shows that a lot more needs to be done in the remaining months for achieving the targets set under ACP 2010-11.
- Financing under KCC and BIGWIS has been an area of top priority for banks and they have been participating in the Credit Camps being organised at Block levels by the State Government and are also arranging Special Credit Camps for the purpose. As the RBI has now relaxed the margin and security stipulations for Agriculture loans, banks may provide finance to farmers upto Rs. 1.00 lakh without any collateral security and/ or margin requirements. All banks should take advantage of the new norms and extend more finance under these Schemes, especially in view of the State having been declared as 'drought-affected'. This will in turn help in improving the CD ratio. The State Government also needs to take care of some minor issues coming in the way of implementation of BIGWIS so that the Scheme may get the desired impetus.
- For providing banking outlets to villages having population of over 2000, 9255 villages have been identified and allotted to different banks. The roadmap received from different banks has been uploaded on the SLBC website. However, some of the banks have still not submitted their roadmap in the prescribed format or have submitted incomplete information. All these banks should finalise their roadmap and submit the same to SLBC immediately, and be active partners in the development of the State.
- The objective of 100% Financial Inclusion has been achieved in 13 out of the 19 districts identified in the first phase. Banks having lead responsibility in the remaining six districts should also accomplish the goal at the earliest, preferably, by the end of this month. In the second phase, the remaining 19 districts have to achieve 100% FI by the end of December 2010. Therefore, the Lead

District Managers of these districts should make concerted efforts in this regard so that the task may be completed in the stipulated time-frame.

- The State Government has to settle the issue of transfer of land to RSETIs immediately, so that the rural unemployed youth may be trained in these institutes and start gainful employment ventures on their own, which in turn will generate more business opportunities for banks.
- The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) launched by the Ministry of Housing and Urban Poverty Alleviation in December 2008 has so far been a non-starter in the State. National Housing Bank (NHB) and HUDCO are the central nodal agencies for administering subsidy through implementing banks and HFCs (housing finance companies). The State Government has to create a nodal agency for implementation of the Scheme in the State. Further, wide publicity should be given to the Scheme and banks should ensure that maximum number of poor people in urban areas get the benefit thereof.
- Security of banks is another important issue which needs immediate attention. The State Government should see to it and provide all the requisite support to banks, especially in the terrorist affected areas.

**Shri Venkatachalam** concluded his address by thanking the State Government for providing all the support to the banks in general and the SLBC in particular in our campaign for the development of the State.

Discussing the action taken on the action points of the last review meeting, **Shri Anup Mukerjee, Chief Secretary** impressed upon all the banks to provide more loans to Indira Awas Yojana beneficiaries to enable them to complete their respective dwelling units as the progress made by banks in this regard is far from satisfactory. **Shri Mihir Kumar Singh, Secretary-Finance (Expenditure)** informed the House that the roster for holding DLCCs/DLRCs meetings has already been finalised and circulated to all concerned but reporting of meetings held is not being done in some cases and complete information is not available at the State level. Apart from this, it has come to notice that in many districts, the ACP targets have not been finalised /approved by the respective DLCC.

During discussions on the key points of the agenda items, **Shri Anup Mukerjee** expressed the views that though the banks have disbursed more loans during the quarter as compared to the same period last year, a lot more remains to be achieved. Banks should initiate concerted efforts for achieving their targets under Annual Credit Plan 2010-11. He further emphasised that the performance of RRBs is not satisfactory in terms of %age achievement and needed immediate attention of the Chairmen of the banks. In the matter, **the Chairman, MBGB** stated that the targets given to them under Annual Credit Plan 2010-11 are very high and that their targets were not revised downwards in the review meeting of the Steering Committee. Intervening in the matter, **Shri Venkatachalam** opined that the targets were reviewed and revised as per decision taken in the meeting of the Steering Committee. He requested all banks to shoulder the responsibility of extending more finance during the current fiscal as the size of ACP has increased by more than 75% as compared to last year, and now since almost half of the year has gone by, revision of targets is not feasible. **Shri Mukerjee** also endorsed this view and stressed that banks should focus on achieving the targets in order to improve the CD ratio to 35% as envisaged in the ACP. In this regard, **Shri G. Mahalingam, Regional Director, RBI** informed the House that non-availability of funds, as stated by MBGB, is not the real issue since sufficient funds are available with RRBs and they have parked these funds with their sponsored banks (non-SLR investments), whereas this money should be available for lending purpose. Further, **Shri A.K.Sinha, Principal Secretary-Agl.** expressed his concern as regards achievement under Agri sector since banks have achieved only 8.36% of the target, whereas they should have achieved almost 50% of the target by July-August, i.e. by the end of Kharif sowing season. He stressed that banks should extend more finance and the targets set under Agri sector should be achieved by December-January. **Shri Mohan Doss, CGM, NABARD** opined that there is good potential available in the districts and the State Focus Paper (SFP) has been prepared accordingly. He emphasised that banks should form Farmers' Clubs which help in many ways like procurement of loan applications, completing necessary formalities of documentation and even in recovery of loans. Further, he opined that Joint Liability Group (JLG) model may also be adopted by banks for extending more loans as recovery %age of loans granted to JLGs & SHGs is relatively better.

Discussing the district-wise performance, the Chief Secretary suggested that as the LDMs are attending this meeting, two best-performing and two worst-performing LDMs should be asked to share their experiences with the House so as to highlight the strategies adopted by the best-performing districts and the problems

faced by the worst-performing districts. Accordingly, LDMs of Sheikhpura and Patna districts (best-performing districts) and also LDMs of Madhepura and Kishanganj districts (worst-performing districts) were invited to share their experiences. **LDM-Patna** informed the House that they are organising regular Credit Camps for extending loans. They have also identified a few clusters for SME financing e.g. leather business. Similarly, they are focusing on agro-based industries to improve financing under Agri sector. **LDM-Sheikhpura** shared that due to the regular visits of the Controlling Heads/ Regional Managers of the banks, the motivation level of the Branch Managers and other staff members has improved a lot, and this in turn is helping in better performance. He further informed that the R-SETI set up in the district has provided training to 300 persons for setting up their dairy business and these trained persons are now going to be financed by banks. **LDM-Madhepura** submitted that during the first quarter, their performance was not up to the mark, but they have organised credit camps in July and August and are also organising more such camps in the current month. He appeared confident that their performance under ACP will improve in all respects. **LDM-Kishanganj** expressed similar views regarding holding of credit camps. He further informed that the branches of UBGB operating in the district have received instructions from their Regional Office that only 50% of the deposits mobilised (except C&I deposits) should be extended as loans and they have also linked disbursement to recovery, which is causing a major problem in the achievement of targets. He further submitted that under MSE there is almost no scope for financing in the district and requested that the Chilling Plant set up in the district (non-functional at present) be revived as it will help in achieving the targets. The Chief Manager, UBGB was asked to clarify the position regarding instructions issued to their branches. He informed the House that the instructions were issued by the Head Office inadvertently. However, the same have been revoked now and their branches are now lending without the aforesaid restrictions in the district.

As regards extension of relief measures by banks in the affected districts, LDM-Nalanda informed that PNB and MBGB have done well in providing loans to the affected masses in the district. **Shri A.K.Thakur, Administrative Officer, DIF** wanted the progress made in extending relief measures to the affected people to be reviewed at fortnightly intervals; therefore, all banks and Lead District Managers should submit the progress report to SLBC so that the position may be reviewed at the State level. Banks should also extend loans under BIGWIS to the affected people. **Shri G. Mahalingam, Regional Director, RBI** requested all banks to extend relief measures to drought affected farmer- borrowers in accordance with the guidelines issued by the Reserve Bank of India for extending relief measures to the Natural Calamities affected people. **Shri Rameshwar Singh, Principal Secretary-Finance** stated that wide publicity should be given to relief measures being initiated by banks especially restructuring of loans of affected farmers. It was clarified that restructuring of loans already restructured once, should be publicised widely in view of the clarification issued by the RBI in regard to asset classification of restructured accounts.

During the discussion on Farm Mechanisation, **Shri A.K.Sinha, Principal Secretary-Agl.** informed the House that in the current financial year, an amount of Rs.135 Crore has been allocated for subsidy to be granted to farmers for purchasing farm implements. Therefore, banks should cover more farmers under the various Schemes to utilize the subsidy exhaustively.

**Shri Mukerjee** stressed that banks should ensure meaningful financial inclusion i.e. accounts opened should be operational and transactions should take place in the accounts opened for the purpose of financial inclusion. He emphasised that for this purpose a suitable format should be designed by SLBC to review the performance of banks from the next SLBC meeting onwards. He pointed out that since more than 2/3rd branches of banks are already on CBS platform, there should not be any problem in collecting the requisite data. Intervening in the matter, **Shri Venkatachalam** informed the House that banks are not reporting correct data to SLBC on the prescribed format. He urged the controlling heads of all banks to see to it that full particulars are filled in the prescribed format and only thereafter the report is submitted to SLBC. The **AGM, SBI** submitted that the Lead District Managers of the remaining 19 districts have already been advised by SLBC to initiate requisite steps so that the task of 100% F.I. may be completed by December 2010, but the progress made in this regard has not been reported by them so far. He requested all the concerned LDMs to provide the information to SLBC so that the same may be discussed and reviewed in the meeting of the Steering Committee of SLBC constituted for the purpose.

Discussing the achievement of banks under Education Loan Schemes, **Shri A.K.Thakur, Administrative Officer, DIF** drew the attention of the House regarding non-extension of the benefit of interest-subsidy provided by the Government of India to eligible borrowers as many bank-branches are not familiar with the instructions. The Scheme should be given wide publicity and banks should make sincere efforts to improve their performances in this area as it will help poor students to a large extent.

During the discussions on achievement under BIGWIS, **Shri Sudhir Kumar, Secretary-Minor Water Resources** informed that a large no. of applications are pending with banks for disposal and there is a big gap between sanctions and disbursement under the Scheme. He outlined the problems being faced in getting reports from LDMs and also drew the attention of the House regarding returning of applications on flimsy grounds. He requested NABARD to release the subsidy to banks in advance as banks are reluctant in financing without getting advance subsidy. Further, he informed that it has come to his notice that some branches are charging interest on the subsidy portion in case of non-receipt of advance subsidy. **Shri Rameshwar Singh, Principal Secretary-Finance** requested that banks should not charge interest on subsidy portion. Intervening in the matter, **Shri Venkatachalam** assured the House that if interest on subsidy portion has been charged from farmers, the same will be returned to the beneficiaries accounts. **Shri Sudhir Kumar, Secretary-Minor Water Resources** urged upon all the bankers present in the House to sanction more loans under BIGWIS as all the districts of the State have been declared drought-affected. **Shri Roy (GM, SBI)** drew the attention of the House to some of the difficulties being faced by banks in implementing the Scheme. He informed that Multi Level Agency constituted for the purpose of asset verification is not functional at many places in the districts of Muzaffarpur and Samastipur. Intervening in the matter, **Shri Mihir Kumar Singh, Secretary-Finance (Expenditure)** clarified that instructions have already been issued to the District Magistrates in this regard and 1st and 3rd Wednesday of each month have been fixed for verification of the assets by this Agency. **Shri Mohan Doss** informed the House that targets under BIGWIS (banking plan) have been finalised and advised to SLBC for forwarding the same to the LDMs. The district-wise targets have been advised by SLBC to the LDMs, for distributing the same among different banks operating in their respective districts.

**Shri Mihir Kumar Singh, Secretary-Finance (Expenditure)** brought to the notice of the House that branches are not acknowledging the receipt of loan applications. Therefore, the disposal of applications received within the stipulated time-frame cannot be ensured. **Shri Roy (GM, SBI)** suggested that a suitable letter be sent by the Controlling Heads of banks to their branches for issuing proper acknowledgement of receipt of loan applications. During the discussions **Shri Mukerjee** pointed out that even if the applications are acknowledged but not entered in the applications received and disposal register, their disposal within the stipulated time-frame cannot be ensured, as the inspecting/visiting officials of banks cannot go through the applications which are not entered in the register. Therefore, there is an urgent need of entering all the applications received in the applications received and disposal register.

In regard to financing under subsidy-linked Schemes, **Shri Mukerjee** was of the opinion that clarifications have to be sought from the Chief Election Officer as election has already been announced. He assured that necessary clarifications will be sought in this regard at the earliest and all concerned will be made aware of the outcome. Discussing the achievement of banks, **Shri Mihir Kumar Singh, Secretary-Finance (Expenditure)** requested all banks to provide data detailing branch-wise achievement of the targets under the Annual Credit Plan for review. **Shri Mukerjee** endorsed the views of **Shri Singh** and suggested that after reviewing the branch-wise performance, the best-performing branch managers be invited and felicitated in SLBC meeting.

Discussing the achievement of banks under SHG financing, **Shri M.C.Sharan, JEEVIKA** thanked all the banks for providing the necessary support in credit-linkage and account opening of SHGs. **Shri Mukerjee** wanted to know the recovery percentage of loans provided to groups formed by JEEVIKA. **Shri Sharan** informed the House that recovery %age is as high as 95%. The representative of Women Development Corporation endorsed the views of **Shri Sharan** regarding extension of support by banks to them in providing credit assistance to groups and informed that in case of groups formed by them, the recovery %age is about 80%. However, he informed that some banks are not adhering to the KYC guidelines and for opening of bank accounts of SHGs. **Shri B.K.Thakur, Director (Extension)** informed that the performance of BKGB is far from satisfactory in financing of SHGs (both SGSY & Non-SGSY). In this regard, **Shri Sharan, JEEVIKA** informed that the performance of BKGB was not good upto June 2010, but thereafter, 990 groups of JEEVIKA have been credit-linked by the bank. Apart from this, the issue of achievement of banks under SGSY financing was also discussed. **Shri Mukerjee** advised the Rural Development Department, GoB to ensure finalisation of the targets under the Scheme at the earliest. As to Zero-Lending branches under SGSY, RDD was requested by SLBC to provide the list of all such branches so that the issue may be taken up with the concerned banks for improving their performance.

Anaylsing the achievement of targets by banks under KCC financing, **Shri Sinha, Principal Secretary-Agl.** expressed his dis-satisfaction on the performance of some of the banks and requested all banks to take

appropriate steps in this regard so that the targets set under the Scheme are achieved. He urged the banks to extend financial assistance to farmers for sowing Turiya and other crops for which the current month is the appropriate time for sowing. The State Government has launched a Special drive for the cultivation of Turiya crops. He impressed upon all the banks to achieve the KCC targets by December as Rabi sowing ends by that time.

On the issue of 100% insurance coverage of crop loans disbursed by banks, **Shri Mohapatra, RM, Agriculture Insurance Company of India Ltd.** informed that all crop loans are not being covered. He requested controlling heads of all banks to ensure that all crop loans are invariably covered within the given time. Further, he informed that crop insurance claims have not been credited in the beneficiaries accounts even after lapse of considerable time. Intervening in the matter, **Shri S.K. Negi, Principal Secretary-Cooperative, Animal Husbandry & Fisheries Resources** requested all banks to credit the proceeds of insurance claims that are lying with different banks to individual accounts of beneficiaries at the earliest. The **AGM, SBI** was of the opinion that the delay taking place at this point of time is mainly attributable to the fact the AICIL is maintaining account only with AXIS Bank which results in avoidable delay in collection of the proceeds. He emphasised that this account should be maintained with a few nationalised banks to facilitate faster collection of proceeds. **Shri Mohapatra** informed the House that this is a corporate decision and the insurance company is maintaining accounts with AXIS Bank at all-India level. Intervening in the matter, **Shri Mukerjee** expressed that the situation should improve in the months to come, and if it does not improve, State Government will take up the matter with the appropriate authority for shifting the account from AXIS Bank.

The issue of pending Certificate Cases was also discussed during the meeting. **Shri Mukerjee** suggested that SLBC should compile sector-wise data of pending Certificate Cases, which will help in analysing the factors responsible for non-recovery of loans. He also desired that a list of top 10 Certificate Cases be handed over to the district administration in each district for recovery through more focussed action, since recoveries in these big accounts will have demonstrative effect on other small defaulters and most of them will be prompted to repay the loans. **Shri Roy, GM, SBI** requested all the Lead District Managers to compile a list of top 10 Certificate Cases of the district and provide the same to the Certificate Officer and difficulties, if any, faced in recovery of these loans should be brought to the notice of the SLBC so that necessary steps may be taken at the State Level.

Initiating the discussions on extension of Banking Services to the villages having population of more than 2000 by opening a banking outlet either by way of a brick or mortar branch or through alternate channels of delivery. **Shri Mihir Kumar Singh, Secretary-Finance (Expenditure)** informed that banks like SBI and CBI have identified more than 50% of the villages to be covered in the next financial year whereas more villages should be covered during the current FY itself to derive maximum advantage from this ambitious project. The **AGM, SBI** submitted that since more than 5 months of the current year have already passed and BC arrangements are not in place it is not feasible to cover more than 50% of villages in the current financial year. Intervening in the matter, **Shri Venkatachalam** informed that realistic targets have been fixed and if possible, SBI will try to cover more villages during the current FY. **Shri Mihir Kumar Singh, Secretary-Finance (Expenditure)** stated that in Ghatkusumba block of Sheikhpura district, Canara Bank should open a branch as it is having lead responsibility in the district. During the discussion, Shri Mukerjee drew the attention of the House to the large number of pending licences for opening of branches in the State and advised the concerned banks to open these branches at the earliest.

In the meeting, **Shri H.S.Shetty, Senior Vice President, Banking Codes & Standards Board of India (BCSBI), Reserve Bank of India, Mumbai** made a presentation on the revised Codes for spreading awareness among all concerned and requested the controlling heads of all banks to ensure its application in their branches.

**Shri K.C.Saha, Development Commissioner** advised that all the Lead District Managers should be invited in all SLBC meetings and they should come prepared with all the requisite data so that the performance of the districts can be discussed and reviewed in the meeting.

The meeting concluded with a vote of thanks proposed by **Shri R.S.Singh, Zonal Manager, Central Bank of India.**

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### 33rd S.L.B.C. MEETING ON 08-09-2010 : ACTION POINTS

SL	Points	Action
1.	Banks should put in concerted efforts for achieving the targets under Annual Credit Plan 2010-11. The targets set for Agriculture Sector should be achieved by December as Rabi season sowing ends by that time.	All Banks
2.	Banks should ensure that the targets set for issuing Kisan Credit Cards are achieved. All the crop loans disbursed should invariably be covered under crop insurance.	All Banks
3.	The proceeds of crop insurance claims should be credited immediately to the accounts of the beneficiaries without delay.	All Banks
4.	Banks should initiate relief measures in the drought-affected areas with utmost priority. Progress report should be submitted by all banks and LDMs to SLBC at fortnightly intervals so that the same may be discussed and reviewed by the Steering Committee set up for the purpose.	All Banks and Lead District Managers
5.	Targets under SGSY should be finalised at the earliest so that requisite steps may be initiated for achievement of the allocated targets. The respective Government agencies should ensure that adequate no. of applications are sponsored under the Scheme. Applications received at the branches should be duly acknowledged and entered in the Loan Applications Received and Disposed of Register.	State Govt. and All Banks
6.	About 8000 sanctioned applications under BIGWIS are pending with different banks for disbursement; banks should ensure early disposal of these applications. Further, the targets under the Scheme should be fixed at an early date and advised to all concerned so that they may initiate necessary steps for achieving the same. Also, LDMs/Banks should submit the same set of data to all reporting agencies to avoid inconsistencies.	All concerned Banks, SLBC, LDMs & State Govt.
7.	Banks having lead responsibility in the remaining six districts, namely, Saran, Madhubani, Munger, Khagaria, Katihar and Banka (identified in the 1st Phase) should ensure that the goal of 100% Financial Inclusion is accomplished by the end of September 2010.	Concerned Lead District Managers and their Controlling Heads
8.	The Lead District Managers of the 19 remaining districts identified in the 2nd phase should also initiate requisite steps to achieve the task of 100% Financial Inclusion by December 2010. Progress made in this regard should be advised to SLBC at monthly intervals.	Concerned Lead District Managers and Banks operating in these districts
9.	The banks which have not submitted the complete roadmap for providing banking facilities in villages having a population of more than 2000 allotted to them should submit the same to SLBC immediately. Monthly progress report may also be provided to SLBC for onward submission to GoI/RBI and GoB.	Andhra Bank, UBGB and MBGB and All Banks
10.	Transfer of land to concerned banks for setting up of R-SETIs should be expedited.	State Govt.
11.	Banks should submit their branch-wise performance report for the quarter under review and cumulative for the current year in soft copy only.	All Banks
12.	LDMs should submit a list of top 10 pending Certificate Cases to the District Administration for recovery and report progress to SLBC. Sector-wise position of pending Certificate Cases should be provided from the next SLBC for review.	Lead District Managers, District Administration, All Banks and SLBC
13.	A Nodal Agency should be appointed for implementing the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP).	State Govt.
14.	In view of the imposition of Model Code of Conduct, the State Government will seek clarification from the Election Commission regarding implementation of Govt. Sponsored Schemes and inform banks about the outcome of the same so that banks may act accordingly.	State Govt.
15.	Adequate publicity should be given to the Scheme of Interest-Subvention on Education Loans to weaker sections of the society.	State Govt. and All Banks