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MINUTES

OF

**THE 34TH SLBC MEETING, BIHAR
HELD ON 13TH DECEMBER, 2010
AT HOTEL MAURYA, PATNA**



**STATE LEVEL BANKERS' COMMITTEE, BIHAR
CONVENOR**

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MINUTES

OF

THE 34TH REVIEW MEETING OF THE STATE LEVEL BANKERS' COMMITTEE, BIHAR
FOR THE QUARTER ENDED SEPTEMBER 2010 HELD ON 13TH DECEMBER 2010

The 34th review meeting of State Level Bankers' Committee, Bihar was held on the 13th December 2010 at Hotel Maurya, Patna under the Chairmanship of **Shri R. Venkatachalam, Chief General Manager, State Bank of India, Patna Circle and Convenor & Chairman SLBC, Bihar**. The meeting reviewed the performance of banks under Annual Credit Plan 2010-11 during the first half of the current fiscal and discussed other relevant matters. **Shri Sushil Kumar Modi, Deputy Chief Minister and Finance Minister, Government of Bihar** attended the meeting as Chief Guest whereas **Shri Giriraj Singh, Animal & Fisheries Resources Minister, Government of Bihar**, attended the meeting as a Special Invitee.

The following dignitaries also attended the meeting:-

- ❖ Shri K.C.Saha, Development Commissioner, Government of Bihar.
- ❖ Shri S. Vijayraghavan, Advisor, Investment, Government of Bihar.
- ❖ Shri Rameshwar Singh, Principal Secretary, Finance, Government of Bihar.
- ❖ Shri A.K.Sinha, Agriculture Production Commissioner, Government of Bihar.
- ❖ Shri Shubhkirti Mazumdar, Principal Secretary, Industries, Government of Bihar.
- ❖ Shri Sudhir Kumar, Officiating Principal Secretary, Rural Development Department & Secretary, Minor Water Resources, Government of Bihar.
- ❖ Shri V. Mohan Doss, Chief General Manager, NABARD, Patna.

Delivering the keynote address, **Shri Venkatachalam** welcomed **Shri Sushil Kumar Modi, Deputy Chief Minister & Finance Minister** and **Shri Giriraj Singh, Animal & Fisheries Resources Minister** and other distinguished guests and said that the meeting was especially significant because of the fact that this was the first SLBC meeting being held after the formation of the new Government in the State. He hoped that the developmental works initiated by the State Government during their previous tenure would get a further boost and as declared by **the Chief Minister** a few days ago, Bihar would certainly become a developed State by 2015. Further, it was stressed

by him that no State could develop without the pro-active support of the bankers since banks provide financial support by way of loans and advances to the masses which is essential to promote and accelerate economic activity in all segments of the society. For this, all bankers were urged to seize the opportunity and become a partner in this noble endeavour to make Bihar a developed State in every sphere of life. He also observed that normal banking activities had been adversely affected during the election process.

Shri Venkatachalam requested all bankers to focus their energies to achieve the ambitious targets set under ACP: 2010-11 during the four-month period before the close of the Financial Year. He highlighted a few achievements of SBI as well as the initiatives taken by the Bank and informed the House that State Bank of India has recently appointed about 1400 young men and women from Bihar as clerks and this would go a long way in removing the staff shortage in different branches of the Bank and also enable the Banks to open new branches. Regarding extension of banking services to villages having population of over 2000 by March 2012, he apprised the House that out of 1554 villages allotted to SBI, 40% of the villages would be covered by March 2011 and the remaining 60% would be covered in the next financial year. He stated that a very senior functionary of the rank of Deputy General Manager has been posted at SBI, LHO, Patna to specifically look after these initiatives. He expressed the hope that all the banks must have initiated necessary steps to achieve their respective targets within the stipulated timeframe in this regard.

Thereafter, a presentation was made by Shri A.P.Saxena, Deputy General Manager, National Housing Bank, regarding the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP). He outlined the salient features of the Scheme and requested State Government to notify the Nodal Agency for implementing the Scheme so that banks may initiate necessary steps for financing under the Scheme. Interest Subsidy of 5% is provided for loans upto Rs.1 Lakh by the Ministry of Housing and Urban Poverty Alleviation, Government of India, under the Scheme. For successful implementation of the Scheme in the State of Bihar, Shri Modi asked Shri Saxena to provide relevant details regarding the implementation of the Scheme in other States like Rajasthan and Madhya Pradesh since in these states, the scheme has

been tagged with other local schemes for successful implementation so that the same model could be replicated in Bihar and the scheme be implemented in true letter and spirit.

Shri Anupam Kumar Suman, Officer on Special Duty, Institutional Finance Directorate {erstwhile Department of Finance (Institutional Finance)}, Government of Bihar, Patna then made a presentation on the proposed monitoring mechanism being developed by the Finance Department to provide an update on the status of complaints against banks. This new web-portal based system will enable complainants to register their complaints on line. Additionally, this portal will make available all the relevant data pertaining to banks. The web-portal will also provide information regarding credit facilities, banking infrastructure available etc. and will serve as an interface between the State Government and banks. Intervening in the matter, Shri Modi wanted to know how the new mechanism would be linked to banks and how the banks would be able to access the web-portal. The Deputy Chief Minister instructed the Institutional Finance Directorate to ensure that the said portal comes alive at an early date. Further, he urged all the banks to periodically furnish information regarding no. of complaints received and no. of complaints redressed by them. During the discussion, Shri Modi requested the banks to give due publicity to the various facilities available for registration of complaints.

While reviewing the performance of banks as on 30th September 2010 under ACP 2010:11, Shri Modi pointed out that PNB has reported the lowest percentage achievement among the banks having lead responsibility in the State and among other major commercial banks, the performance of Bank of India and Allahabad Bank was lower than the State average. He requested the Controlling Heads of these banks to initiate necessary steps for posting better performance. He drew the attention of the House regarding the modest performance of MBGB among all the RRBs in terms of percentage achievement under the ACP: 2010-11. The Chairman, MBGB responded by saying that although in terms of percentage achievement the performance of the bank appeared to be low, in absolute terms his bank had provided more finance, as compared to last year. He added that the gap was mainly attributable to higher targets set for the current financial year. Shri Modi

was of the opinion that although the increase in the amount of loans disbursed in absolute terms was good (banks have disbursed approximately Rs.3000/- Crore more as compared to the corresponding period last year), the achievement of banks was low in terms of percentage achievement. He requested the banks to put in concerted efforts in the remaining months of the current fiscal to reach the level of percentage achievement recorded last year (i.e.83% of the targets allocated). Further, he expressed concern over low achievement (only 26.94%) under Agri Sector and requested all banks to provide further impetus to their endeavours for achieving the targets. He stressed on the need for branch-wise monitoring of ACP achievement in order to single out the non-performers who adversely affect the good performance of the remaining branches and depress the overall State level achievement. Shri Mihir Kumar Singh, Secretary-Finance (Expenditure) emphasized the fact that the Service Area Monitoring System (SAMIS) should be strengthened. Intervening in the matter, Shri Modi directed that information regarding the achievement of non-performing branches should be made available by all banks to SLBC so that the same may be discussed and reviewed in the SLBC meeting. He requested all banks to provide data in this regard in a tabular format (e.g. no. of branches achieving less than 25% of ACP targets, above 25% and upto 50%, above 50% and upto 70%, above 70% and upto 90%, above 90% & upto 100% and above 100%) which should be placed before the House in the next SLBC meeting for review. During the discussion, Shri V. Mohan Doss, CGM, NABARD suggested that a Sub-committee of SLBC should be constituted to address the issue of poor performing branches. However, Shri Modi expressed the view that constitution of a sub-committee for the purpose could be decided separately on a later date.

As regards performance of banks under Education Loans, Shri Modi was of the opinion that banks should put in more efforts for providing Education Loans as during the last two years, banks' achievements in this area have been stagnant:2009-10: 23616 students, as compared to 2008-09: 23348 students. He asked the banks to provide education loans to at least 35000 students by March 2011. Regarding extension of benefit of interest subvention on education loans to the eligible students during moratorium period being extended by the Government of India, banks informed that

communication regarding the authority for issuing income certificate under the Scheme had not been issued by the State Government and due to this the benefit could not be provided to eligible students. Shri Modi advised the Institutional Finance Directorate to send a suitable communication in this regard to banks within four days and requested all banks to publicize the Scheme so that the benefits may be provided to all eligible students. He further requested that an advertisement should be published detailing salient features of the Scheme by SLBC for the benefit of all. Further, since the Scheme of benefit of interest-subvention has not started till date because of non-identification of the suitable authority to issue income certificate by the State Government under the Scheme, the House resolved that the last date of submission of interest subvention claim for the period 2009-10 may be extended till 31st March 2011. For this, Canara Bank (nodal bank for administering interest-subvention under the Scheme) may take up the matter with the concerned department/ Ministry of Government of India for extending the date of submitting interest-subvention claim for the period 2009-10.

During the discussions on achievement of banks under Bihar Ground Water Irrigation Scheme (BIGWIS), Shri Sudhir Kumar, Secretary, Minor Water Resources, Govt. of Bihar informed the House that still 5600 sanctioned applications are pending with banks. He requested all banks to disburse these sanctioned loans at the earliest. Reviewing the achievement of banks under the Scheme, Shri Modi expressed his concern over the slow progress made by them and wanted to ascertain the reasons therefor. He invited some LDMs to pin-point the problems being faced by bank branches in implementing the Scheme. LDM-West Champaran suggested that a district-level monitoring cell should be constituted to review / monitor the Scheme. Further, he informed that the Multi Level Agency constituted for the purpose of asset verification is taking much time and is delaying the second disbursement as well as submission of claims of subsidy. It has also come to the notice of the House that adequate no. of applications are not being sponsored under the Scheme and instances of receipt of incomplete applications have also been reported by some branches, which results in rejection of the loan applications. Intervening in the matter, Shri Modi advised that sufficient number of applications should be generated by Govt. agencies in order to ensure

successful implementation of the Scheme. AGM, SLBC requested all LDMs to advise the targets allocated to different banks so that State level targets for all banks may be compiled by SLBC.

Reviewing the performance of banks under KCC, Shri Modi desired that banks should make concerted efforts for achieving the target of issuing 20 lakh Kisan Credit Cards during the current fiscal. The House was informed that at many circle offices, Rent-Receipt book is not available and farmers are not able to provide up-to-date rent-receipt to banks, which is hindering sanction and disbursement of Agri loans by banks under BIGWIS, KCC, Farm-Mechanisation etc. Shri Modi wanted to know the impact of Block-Level Mega Credit Camps organised in the past in the State. The Deputy Chief Minister was informed that these Mega Credit Camps had proved to be a very effective forum for extension of KCC, BIGWIS etc. During the discussions, LDM-Bhojpur expressed the view that two camps should be organised every month, one for application generation and the second camp for disbursal of loans as some of the applications generated in camps are eventually not disbursed. Intervening in the matter, Shri Modi opined that at present it does not seem to be feasible to organize two separate camps. However, all the applications generated in the camps should be disbursed and banks should furnish the data to SLBC. He directed the concerned state government departmental heads to organise three more camps in the current year, on the 10th of January, February and March 2011 in all the blocks and generate applications for all agricultural products/ schemes viz. KCC, BIGWIS, Farm-Mechanisation, Dairy, Fishery, Poultry etc. Further, he stressed that all the banks should whole-heartedly participate in the camps as it has been reported that in the earlier camps, some Block Development Officers (BDOs) and representatives of a few banks had not participated. Instances of some banks who had participated but did not accept any loan applications have also come to notice. He requested Controlling Heads of all banks to instruct their operating functionaries to attend all the Block-Level Mega Credit Camps to be organised during the current fiscal. During the discussions, Shri A.K.Sinha, Agriculture Production Commissioner stated that banks should make concerted efforts for achieving the targets set under Agri Sector (KCC and all other agri schemes / products) by January as the sowing under Rabi

Season ends by that time and granting of loans after January may lead to diversion of funds.

On the issue of 100% insurance coverage of crop loans disbursed by banks, Shri Ashish Kumar, Assistant Manager, Agriculture Insurance Company of India Ltd. informed that all crop loans disbursed by banks are still not being covered. He requested controlling heads of banks to ensure that all crop loans are invariably covered within the stipulated time-frame. Intervening in the matter, Shri Giriraj Singh, Minister-Animal & Fisheries Resources stated that banks are not submitting monthly returns for insurance of crops. He requested all banks to cover non-loanee farmers also so that in the case of crop failure, they too may be compensated. Further, he asked all banks to provide loans for establishment of godowns in the State as the State Government has planned to open 2000 more godowns of 100 metric tonnes capacity each, the cost of which will be around Rs. 8 Lakh. Shri Modi also requested banks to ensure that all crop loans are insured since there is a wide-gap between the no. of crop loans disbursed and no. of crop loans insured. The issue of delay in credit of proceeds of crop insurance claims also came up for discussion. Shri Satish Kumar Singh, AGM, SBI was of the opinion that the delay is mainly attributable to the fact the AICIL is maintaining its account with AXIS Bank which results in avoidable delay in collection of the proceeds. On this point, Shri Kumar informed the House that all banks have been requested to provide their RTGS no. so that the proceeds of crop insurance claims may be transferred to banks on real-time basis. Further, Shri Sinha, Agriculture Production Commissioner drew the attention of the House regarding higher rate of interest being charged by banks on farm-equipment loans provided by them and he wanted that these loans should be provided at par with the rate of interest being charged by banks on short term production loans. It was resolved that the matter will be taken up in the Inter-Institutional Coordination Committee already constituted under the Chairmanship of Development Commissioner.

Analyzing the performance of banks under Dairy, Fishery and Poultry, Shri Giriraj Singh, Minister-Animal & Fisheries Resources expressed his dissatisfaction regarding the achievement of banks since they could not achieve even 10% of their annual targets set under these Schemes. He urged

controlling heads of all banks to provide more impetus to disbursement of loans under these Schemes as their performance so far has been very dismal. In the matter, one of the Lead District Managers present in the House informed that one of the main reasons for unsatisfactory performance of banks under Dairy financing is non-availability of quality milch animals in the State. Further, AGM-SLBC stated that the banks are facing problems in financing to fisheries as lease of pond is not available for longer duration and is working as a hindrance in financing to such units.

During the discussions on performance of banks under SME financing, Shri S. Vijay Raghavan, Advisor-Investment, informed the House that with regard to financing food-processing units, per unit investment/ employment is very low in our State as compared to other developed States. Concerted efforts need to be put in by all concerned to improve the position. Further, he wanted the data regarding finance granted by banks in Bihar to units functioning in other States to be compiled and placed before the House. Joining the discussions, Shri Shubhkirti Mazumdar, Principal Secretary-Industries expressed his concern over the performance of major banks under PMEGP Scheme as % achievement of targets by some of the major banks is lower than the State average. Further, Director-MSME stated that in the data regarding loans provided by banks under CGTMSE, no. of applications received is not furnished. Instances have been reported to his office that banks are reluctant to provide collateral-free loans. He stressed that an awareness programme needs to be launched as it appears that operating functionaries of banks are not aware of the Scheme. Shri Modi requested all banks to provide collateral-free loans with CGTMSE cover since no collateral security is required for granting loans upto Rs. 1 Crore as per norms. Further, he opined that a workshop/ mela should be organised for creating awareness among industrialists who desire to set up ventures with investment upto Rs. 1 Crore.

Shri Modi also expressed his concern that banks are not sanctioning adequate no. of loans for purchase of vehicles by Small Road Transport Operators (SRTOs) and requested all banks to bestow special attention to this area in the remaining months of the current fiscal so that the targets set under the Scheme are achieved by March 2011.

Initiating the discussions on extension of Banking Services to villages having population of more than 2000 by opening a banking outlet either by way of a brick and mortar branch or through alternate channels of delivery, Shri Modi stated that in the current scenario, this is the most important programme as it would provide banking facilities to the entire rural masses of the State and expressed the view that in due course, the service net-work thus created would be a very effective tool for making available other banking and financial services also to the people at their door-step e.g. loans, investments, products, life insurance etc. He requested the controlling heads of banks to eventually converge delivery of various banking products with UIADI number. He advised Shri Rameshwar Singh, Principal Secretary-Finance, to convene a separate meeting with banks for discussing at length their plans for coverage of unbanked villages. AGM, SLBC informed the House that due to non-submission of data of Siwan district and overlapping of villages in the data already provided by other districts, the number of identified villages to be covered i.e. 8947 is likely to change. In the matter, Shri Mihir Kumar Singh, Secretary-Finance (Expenditure) informed that according to roadmap prepared by some banks, they do not intend to cover even a single village in the remaining months of the current fiscal and requested controlling heads of these banks to look into this aspect and strive to cover as many villages as possible in order that banking services reach the people of those villages faster and well before the scheduled date.

On the issue of SHG financing, Shri Arvind Choudhay, CEO, BRLPS drew the attention of the House regarding shortage of stationery and requested all banks to make available adequate stock of requisite stationery in advance so that shortage thereof does not become a hindrance in opening of SHGs bank accounts and credit linkage. He also brought to the notice of the House that some bank branches often do not disburse cash/ loans to SHGs because of insufficient cash retention limits. Further, he informed that approximately 10000 groups are likely to become eligible for credit linkage before March 2011 and requested all banks to be prepared for providing necessary support for credit-linkage and account opening of SHGs. He requested the controlling heads of the concerned banks to tone up their logistics for improving the performance of their branches. He further requested Shri Roy, GM, SBI to

convene the meeting of Steering Committee of SLBC on SHG and IT-enabled Financial Inclusion in the month of December itself.

The issue of recovery of bank loans also came up for discussion in the meeting. Shri Satish Kumar Singh, AGM, SBI informed the House that only 42.32% of the total demand raised by banks could be recovered as on 30th September 2010. He requested the State Government to dispose of all the pending Certificate Cases at the earliest since, as resolved in the last SLBC meeting, a list containing details of top 10 defaulters in each district has already been submitted by majority of the LDMs to the concerned district administration. He requested the State Government to initiate necessary steps for recovery of these loans quickly so that the same may have a good demonstrative effect on other defaulters most of whom will be prompted to repay the loans on seeing the firm stand taken by the district administration.

Concluding the meeting, Shri Modi emphasized the following points once again:

- Branch-wise monitoring should be done by controlling heads of all banks to improve the performance of their branches.
- Each bank should organise workshops for creating awareness among their officials in regard to the various government sponsored schemes and developmental plans.
- LDMs should be called to attend all SLBC quarterly review meetings.
- A minimum of three meetings should be organised with LDMs in a year to sharpen the focus on their plan of action for implementing the decisions taken in DLCC/ SLBC meetings.
- Full-time LDMs should be posted by the respective banks in their lead districts. LDM's office should be adequately staffed and all infrastructural facilities should be provided to enable them to function smoothly.
- Similarly, a senior official should be posted by the Convenor of SLBC i.e. SBI to exclusively look after the SLBC work.

- State Government is exploring the possibility of appointing/ nominating one full-time official in each district, who will be responsible for coordinating with different banks to ensure implementation of decisions taken in the DLCC/ SLBC meetings.
- Complaint redressal system should be strengthened/ improved by all banks.
- Senior officials/ State-level officials of banks should participate in DLCC/ BLBC meetings. They should attend DLCC meetings at least 6 to 7 times in a year.
- Block-level Mega Credit Camps will be organised on the 10th January, February and March 2011.
- Banks should minimize the number of single-officer branches. It is a major impediment in implementing the developmental plans.
- Corruption in banks should be checked. Vigilance mechanism of banks should be strengthened for curtailing instances of corruption.
- Overall, the performance of banks has improved over the years and they have done well as regards increasing disbursement under various sectors, financing to KCC borrowers and providing education loans to the needy and deserving students.
- Next meeting of SLBC will be held in the 3rd week of February 2011.

The meeting concluded with a vote of thanks proposed by **Shri R.R. Sharma, General Manager, Canara Bank.**

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ACTION POINTS

34th SLBC MEETING HELD ON THE 13th DECEMBER 2010

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 January as Rabi season sowing ends by that time.

(Action- All Banks)

2. Banks should ensure that the targets for issuing Kisan Credit Cards are achieved. All the crop loans should invariably be covered under crop insurance.

(Action: All Banks)

3. Applications sanctioned under BIGWIS should be disbursed without further loss of time and Banks should make necessary efforts for achieving the targets set under the Scheme. Adequate no. of applications should be sponsored by the Government agencies.

(Action: All Banks & State Government)

4. Banks should submit their branch-wise performance report for the quarter under review and cumulative for the current year in soft copy only to the SLBC.

(Action: All Banks)

5. The State Government should appoint a Nodal Agency for implementing the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP).

(Action: State Government)

6. Adequate publicity should be given to the Scheme of Interest-Subvention on Education Loans to weaker sections of the society. For extending the last date of submitting interest-subvention claim under the Scheme for 2009-10 till 31st March 2011, concerned department/ Ministry of the Government of India may be requested to do the needful in this regard. The State Government will please nominate the authority to issue the Income Certificate.

(Action: State Government, All Banks and Canara Bank)

7. A suitable advertisement should be published by all banks in local print media regarding their complaint redressal mechanism.

(Action: All banks)

8. Top priority should be given to extension of banking services to unbanked and under banked areas by banks and all banks should put in concerted efforts for covering more and more no. of villages by March 2011. The list of un-banked villages should be finalized by incorporating the identified villages of Siwan district.

(Action: All banks and SLBC)

9. A separate meeting should be convened by SLBC for all LDMs to discuss the local level issues as well as to fine tune their plan of action for dovetailing the decisions taken in the SLBC meetings into the agenda of ensuing DLCC meetings and implementation thereof in coordination with the district coordinators of other banks in the district.

(Action: SLBC)

10. All banks should participate whole-heartedly in Block Level Mega Credit Camps to be organised on the 10th of January, February and March 2011.

(Action: All banks)

11. Banks should make concerned and strenuous efforts for providing Education Loans to 35000 students in the current financial year.

(Action: All banks)

12. Controlling heads of all banks should provide special attention to achieving the targets set under Dairy, Fishery and Poultry schemes.

(Action: All banks)
