

Minutes of the 191st SLBC Meeting and Special SLBC Meeting on Financial Inclusion – Madhya Pradesh, 16th October 2024

The 191st State Level Bankers' Committee (SLBC) meeting and a Special SLBC meeting focused on Financial Inclusion were held on 16th October 2024, with options for both physical attendance at VallabhBhawan, Mantralaya, Bhopal, and virtual participation. The meeting was chaired by the Chief Secretary of the Government of Madhya Pradesh and included senior government officials, the Regional Director of RBI, GM RBI, CGM SBI, GM NABARD, the SLBC Convenor, and senior officials from member banks. Key discussion points and action items are outlined below:

1. Approval of Previous Meeting Minutes

The minutes from the 189th and 190th SLBC meetings held on 11th July 2024 were circulated and posted on the SLBC website. Since no amendments or suggestions were received, the minutes were unanimously adopted.

2. Review of Annual Credit Plan (ACP) 2024-25 (Q1)

Sector-wise performance of the ACP for the first quarter of FY 2024-25 was reviewed. The house expressed satisfaction with overall achievements, though concerns were raised regarding underperforming banks, including Bank of Maharashtra, Canara Bank, PNB, UCO, Indian Bank, and IOB. The Chief Secretary emphasized the importance of all banks actively participating to meet their targets ahead of schedule.

Action: All Banks

3. Performance of RRBs

Performance of RRBs viz. Madhya Pradesh Gramin Bank and Madhyanchal Bank on government sponsored schemes was presented before members. Chairpersons of MPGB and MGB banks raised the issue of pending debt waiver dues of State Government. Chief Secretary advised the RRBs to improve their performance on government schemes.

Action: Finance Department, Agriculture Department and RRBs

4. Progress Review of Government Sponsored Schemes 2024-25

Chief Secretary noted inadequate performance in State Sponsored Employment Generation Schemes and instructed banks to process applications promptly, implementing an escalation matrix for delays. He also urged sponsoring agencies to submit more applications and investigate reasons for delays in disbursement. The SLBC Convenor called for banks to enhance their performance.

Action: All Banks and Relevant State Departments

Concerns were raised regarding the National Rural Livelihood Mission, specifically the low number of SHG applications and an average disbursement of just 1.70 lakh per SHG. The SLBC Convenor committed to increasing the average loan amount in future disbursements. The Chief Secretary proposed forming a committee with banks, RBI, NABARD, and the SRLM to strengthen SHGs and boost members' income.

Action: SLBC, Banks, RBI, NABARD, Panchayat and Rural Development Department, and UADD

Additional Chief Secretary, Urban development and housing department flagged three issues related to the PM SVANidhi Scheme: unsatisfactory performance in the second and third tranches, pending interest subvention claims, and high interest rates charged by certain banks (e.g., BOB, BOI, HDFC, Kotak Mahindra). He instructed banks and departments to resolve these issues within a week. The Chairperson appreciated the contribution of banks and officials of department in making Madhya Pradesh as front runner State in the implementation of PM SVANidhi Scheme.

Action: All Banks and UADD

During the PMEGP performance review, the SLBC Convenor requested the department to expedite the release of pending subsidies. The Chief Secretary directed the KVIC Department to coordinate with the Central Ministry for timely release.

Action: KVIC Department

For the PMFME scheme, the Chief Secretary suggested forming a committee to explore proposals that could enhance value addition to exported raw materials, thereby generating more income for the state.

Action: SLBC, All Banks, and Department of Horticulture

Under the PM Vishwakarma Scheme, the Skill Development Department was advised to actively monitor loan applications to ensure timely assistance to applicants.

Action: Skill Development Department

Convenor SLBC informed the assembly about the elevated levels of Non-Performing Assets (NPAs) in specific government-sponsored schemes. The Chief Secretary voiced significant concern regarding these high NPA levels and urged banks to collaborate closely with local authorities to enhance recovery efforts. He recommended that this issue be regularly discussed in DLCC and BLBC meetings. Additionally, he instructed the Principal Secretary of Finance to assess these schemes with the relevant departments to identify the underlying causes of the high NPAs, enabling appropriate corrective actions to be implemented.

Action: All Banks, LDMS, District Magistrates, and relevant departments

5. **Uniform Banking Hours in PSBs**

Convenor SLBC suggested implementing uniform banking hours from 10:00 AM to 4:00 PM to enhance customer service. This proposal was approved by the assembly, with the understanding that individual banks may adjust their hours to accommodate local district needs. The Chief Secretary acknowledged that certain local demands might necessitate variations in the schedule.

Action: All PSBs

6. **Stamp Duty on Government Sponsored Schemes**

Convenor SLBC requested a minimum stamp duty for loans up to Rs. 10 lakhs under government-sponsored schemes. Principal Secretary, Finance Department raised concerns about inconsistent documentation requirements across banks. Chief Secretary directed the formation of a committee to streamline this process.

Action: Major Banks and Department of Finance

7. **Transfer/Acquisition of Agricultural Land with Bank Charges**

Convenor SLBC highlighted issues with land transfers despite existing bank charges. The Commissioner of Revenue confirmed that NOCs from lender banks are required for land acquisition, and the Chief Secretary emphasized that compensation should be transferred to the lender's account.

Action: All Banks and Revenue Department

8. **Promotion of TReDS**

Regional Director, RBI recommended on boarding of state PSUs and government departments onto the TReDS platform. The Chief Secretary directed the MSME/Finance Department to take necessary action.

Action: Finance and MSME Department

9. **MSME Clusters**

Regional Director, RBI apprised house that over 50% of MSME clusters are inactive. The Chief Secretary advised the formation of a small committee to analyse the situation and provide recommendations within one month.

Action: DIF and SLBC

10. Discussion on PM KUSUM-A and PM KUSUM-C Schemes

Additional Chief Secretary, New and renewable energy department discussed about the PM KUSUM-A and PM KUSUM-C (feeder level solarisation) and requested banks support in implementation of these schemes. Chief Secretary advised banks including RRBs and Cooperative Banks to sign MOUs with the department. The Chief Secretary stressed the importance of these schemes and directed ACS, NRED to form a joint team to ensure comprehensive to include all electricity pumps and agriculture feeders under above schemes.

Action: All Banks, Energy Department, and Agriculture Department

11. CM Helpline Complaints

Principal Secretary, Finance department raised concerns over pending CM Helpline complaints, particularly those unresolved for over 100 days. The Chief Secretary announced that the CM-SAMADHAN initiative will begin in this month and instructed banks to work proactively towards resolution of pending CM Helpline complains.

Action: All Banks

12. Bottom Districts of MP under RBI FI-Index

The General Manager, RBI briefed the forum about the performance of districts of Madhya Pradesh on Financial Inclusion Index (FI-Index) developed by RBI. In one of the parameters of the index i.e. Access to banking, the performance of districts of Sheopur, Bhind, Alirajpur, Shivpuri, Dindori, Sidhi, Umaria is very low. Alirajpur district is lying in the bottom 10 percentile in terms of per capita distribution of ATMs. In relation to number of loan accounts (per lakh of population) the performance of districts Alirajpur, Tikamgarh, Sidhi, Dindori, Singrauli, Bhind, Niwari is low. Niwaridistrict is at the bottom 10 percentile of per capita distribution of deposit accounts. Chief Secretary proposed to form a small committee to address access and usage issues in these districts.

Action: SLBC, Major Banks, RBI, NABARD, and DIF

13. Inactive Banking Correspondents (BCs)

General Manager, RBI expressed concern about a high percentage of inactive BCs. It has been raised that around 47.4 % of India Post Payment Bank service points are inactive. Canara, UCO, IDFC, BoI, HDFC, BoB, PNB banks have more than 10% inactive BCs. Chief Secretary directed banks to either activate or replace these inactive BCs promptly.

Action:Postal Department, and All Banks

14. Branch Openings at 56 locations identified by DFS

Convenor SLBC reported progress on opening branches in 56 identified locations, with 44 covered and 12 remaining. Principal Secretary, Finance apprised that Collectors of Khargone and Burhanpur districts are coordinating with banks to resolve the issue of unavailability of premises at certain locations. He also advised the representatives of concerned banks to work closely with the District Collectors to resolve these issues on priority basis. Chief Secretary directed to resolve the pending issues and open these branches by December 2024.

Action: Concerned Banks, Panchayat and Rural Development Department, and Science and Technology Department

15. Opening of bank branches in 80 blocks identified RBI

Convenor SLBC apprised the house about 80 blocks identified by RBI to open bank branches in blocks. Chief Secretary advised the concerned banks to work expeditiously to open bank branches in these undeserved blocks.

Action: Concerned Banks

16. Credit Deployment in M.P. over last 10 years

Convenor SLBC has drawn attention of house towards the consistent improvement in Average Loan Ticket Size over the years. It has increased from 1.67 lakh in 2016 to 2.81 in 2024. He also flagged that the per capita loan deployment in Madhya Pradesh is 0.74 lakh in 2024, which is very low in comparison to 3.47 lakh of Maharashtra. Chief Secretary advised banks to act as facilitator and work closely to meet out credit requirement of economic and social sector institutions.

Action: All Banks

17. Credit Deposit Ratio of State

The SLBC was apprised by Convenor SLBC about improvement in Credit to Deposit Ratio (CD Ratio) of the State from 64.02 % in 2015 to 82.38 % in 2024. Chief Secretary appreciated the contribution of banks in achieving the CD ratio of 82.38 % in State which is higher than the national average of 79.88%.

Action: All Banks

18. Year-wise disbursement under Pradhan Mantri Mudra Yojana (PMMY)

Convenor SLBC about the progress in sanctioning of loans under PMMY schemes. It was observed that the quantum of loans given is increasing since 2019-20. There is decrease in the no. of beneficiaries benefitted under the from F.Y. 2022-23 to 2023-24. Chief Secretary advised banks to improve the coverage under this flagship scheme. The should consistently work towards improvement in quantitative and qualitative aspect of loans sanctioned under PMMY.

Action: All banks

19. Social Security Schemes

The Convenor of the SLBC updated the assembly on the state's performance regarding the PMJDY, APY, PMJJBY, and PMSBY schemes. The Principal Secretary, Panchayat and Rural Development expressed concerns about the lack of mechanisms for beneficiaries to verify their registration in these insurance programs. While premiums are automatically deducted from beneficiaries' accounts with their consent, a lack of awareness is a major factor contributing to the low claims made under these schemes. The claims process should be aligned with the National Pension Schemes, as advised by the Principal Secretary of Finance, who suggested that banks send letters to beneficiaries twice a year to inform them about their insurance status. The Chief Secretary recommended that banks utilize Gram Sabhas to educate beneficiaries about their insurance coverage under these schemes.

Action: Panchayat and Rural Development Department, DIF, all banks

20. Special Campaign for Jansuraksha Schemes

Principal Secretary, Finance informed about a special campaign for Jansuraksha Schemes running from 15th October 2024 to 15th January 2025, urging all banks and collectors to ensure its success.

Action: All Public Sector Banks, District Collectors, and DIF

21. Skill training and upgradation to Rural Youths through R-SETIs

Convenor SLBC informed the house about performance of R-SETIs as on 30.9.2024 in skill training. It was requested to look into the pending matters of land allocation for opening of new R-SETIs in Agar Malwa, Pandurna, Maihar, Niwari and Muganj. Chief Secretary directed to early resolution of land allocation to new R-SETIs.

Action: Concerned Banks, District Collectors, and DIF

22. Financial Literacy- Impact on individuals

SLBC was briefed about the action taken up by banks to improve financial literacy among masses. The role school education department in imparting financial literacy among children can be a game changer. It was highlighted that financial education can be integrated in school curricula and community programs. Chief Secretary directed school education and other department to take necessary action on this front.

Action: School Education Department, All Banks

23. Coverage of Unbanked Rural Centres

The Regional Director of RBI informed the group about the RBI's definition of Unbanked Rural Centres (URC). These centres are classified as rural areas (tier 5 and 6) that lack a CBS-enabled banking outlet. It was noted that, out of 52,375 rural centres in the state, 32,457 have been identified as unbanked. A list of these unbanked centres has been provided to banks and updated on the SLBC website. Banks are encouraged to prioritize these URCs in their branch and business correspondent expansion efforts.

Action: RBI, All Banks

Director of DFS, who participated via video conference, requested advance notice for future meetings to facilitate attendance.

The meeting concluded with a vote of thanks extended to the Chair for guiding the discussions and decisions, emphasizing the collaborative spirit needed to enhance financial inclusion and support economic development in Madhya Pradesh.