

**MINUTES OF 139TH SLBC MEETING OF STATE LEVEL BANKERS'
COMMITTEE MADHYA PRADESH HELD ON 29.06.2010 AT CENTRAL BANK
OF INDIA, ZONAL OFFICE, BHOPAL**

139th meeting of State Level Bankers' Committee Madhya Pradesh was held on 29th June, 2010 under the Chairmanship of **Shri Avani Vaish**, IAS, Chief Secretary to Government of Madhya Pradesh and **Shri S. Sridhar**, Chairman and Managing Director, Central Bank of India as co-chairman, in the Conference Hall of Central Bank of India. **List of participants is annexed.**

- **Shri B. Mondal**, Convenor & General Manager, Central Bank of India extended hearty welcome to Shri Avani Vaish, Chief Secretary to Government of Madhya Pradesh, and Shri S. Sridhar, Chairman & Managing Director, Central Bank of India, Shri Rajesh Verma, Regional Director, RBI Shri M.K. Rai, Addl. Chief Secretary, Forest, Shri G.P. Singhal, Principal Secretary, Shri S. Mohapatra, CGM, NABARD and other government officials and senior executives from RBI, NABARD and banks.
- He mentioned that he has recently taken over the charge as head of Bhopal Zone of Central Bank of India and Convenor, SLBC, Madhya Pradesh. He also mentioned that both the assignments are challenging, but with the active guidance/support of all concerned, he may come up to their expectations. He further mentioned that today's deliberation would immensely benefit the beneficiaries at large through various issues listed for discussion in agenda note.
- He also mentioned that **Financial Inclusion** includes the small credit needs of the people, giving them access to the payments system and providing remittance facilities. **Financial Inclusion was chosen as thematic agenda for today's meeting.** Financial Inclusion reflects bank's concern and commitment for accomplishing this important task in the shortest possible period, within the given framework.

- He mentioned that Annual Credit Plan for 2010-11 is being presented before the house today. Keeping in line with Hon'ble Finance Minister's Budget Speech of Rs.18000 crores under Agriculture, the agriculture target needs to be revised, and placed before the house for deliberation. He assured that the performance of all banks in this sphere will surpass the targets envisaged in the plan, as has been the case during previous successive years.
- **Various Sub-Committees** of SLBC formed as per the recommendations of Thorat Committee, have already started their work in right earnest and it is expected that the results would become visible in near future.
- He finally assured, on behalf of all member banks, that Banks would continue their efforts relentlessly to realize the avowed goal on an economically vibrant and prosperous Madhya Pradesh, with financial access to each and every household in the State.
- **Shri S. Sridhar**, Chairman & Managing Director of Central Bank of India extended a very warm and hearty welcome to the Chief Secretary, Additional Chief Secretary, Principal Secretary Finance, Director Institutional Finance, Regional Director of Reserve Bank of India, Chief General Manager of NABARD and senior officials of Madhya Pradesh Government, various banks and financial institutions. Initiating his address, he regretted that he could not attend last couple of meetings due to emergent commitments.
- He mentioned that in the meeting held on 28th June 2010 at Mumbai with Hon'ble Union Finance Minister, Chief Ministers of western states & Chairmen of Public Sector banks, Hon'ble Chief Minister of M.P. has made very impressive presentation and highlighted several issues, including Financial Inclusion that we need to take up and move forward. He also referred the excellent interaction he had with the Chief Minister / Finance Minister wherein many suggestions cropped up and to be addressed

appropriately. As Convenor of SLBC in M.P., he responded to Hon'ble Chief Minister's remarks and assured him to take effective steps meeting the expectation in accordance with RBI guidelines.

- He mentioned the house about performance of banking sector in the State during 2009-10 was overall satisfactory, as is reflected in the agenda. He referred to the concern of Hon'ble Chief Minister on declining trend of CD Ratio in the State, with particular reference to the CD Ratio in tribal dominated districts, contribution of commercial banks in KCC (31%) and urged upon bankers to deliberate as to how these could be improved.
- Shri Sridhar informed that the Hon'ble Chief Minister has made a special mention of this point in his speech in the meeting with Hon'ble Union Finance Minister and banks need to take note and act to improve the performance in this area. He further mentioned in Agriculture, the credit flow is quite satisfactory as the State has achieved the goal of doubling the flow of credit to agriculture sector in 2 years instead of stipulated 3 years.
- He also informed that 27 RSETIs have already been started in the State and about 6000 rural youth / farmers trained by these RSETIs. Process of opening of RSETIs in remaining districts by banks having Lead Bank responsibilities is on. 13 FLCC has become operational and more are in pipeline.
- He mentioned that recently a workshop was held jointly by the Government of Madhya Pradesh to promote ISHUP scheme of Govt. of India and a sub-committee has also been formed. Numbers of action points have been recommended, like waiver of stamp duty on equitable mortgage of land under this scheme, identification of beneficiaries which has to be done by State agencies and mortgage-ability of land etc. Till now various schemes have been concentrating over rural poor, whereas, this scheme emphasis has been given on urban poor.

- In terms of Financial Inclusion, the specific theme of today's meeting, he mentioned that all the banks are very clear over the basic concept. However, he urged upon the banks to go beyond the opening of MNREGA accounts and Government welfare schemes/programmes by providing financial services to the poor dwellers / beneficiaries, recognizing of account remittances / cover loans, insurances, etc. He also mentioned that banks have prepared 3 years plan under direction of RBI for Financial Inclusion, which has been reviewed by Deputy Governor of RBI with Chairman of individual bank. He had interaction with RBI and keeping in view the RBI advise, they have revised their plan accordingly and resubmitted the same. Similar exercises are expected from other banks. Ministry of Finance, Government of India is also reviewing the progress of Financial Inclusion of Public Sector Banks every month. He informed the house that most of the banks now have scheme in places and Central Bank of India has allowed overdraft facility from Rs.500/- to 1500/- in No-Frill account.
- As regard providing doorstep banking services, he informed that there is no unbanked block in MP. Out of 50,000 and odd villages, 2615 villages have been identified having population more than 2,000. DLCC had already allocated villages to respective banks. Banks are required to provide banking facilities in these villages by March 2011. He urged upon banks to prepare and submit its micro plan to DIF. SLBC would review the progress of implementation quarterly. The national goal is to ensure 100% coverage of all villages with more than 2000 population by March 2011 and thereafter villages with below 2000 population would be covered by 2013.
- RBI advised to engage different non-profitable identities. Extensive use of business correspondent model in these unbanked areas would be profitable proposition. In addition to the expansion of brick and mortar branches for covering 100% villages by 2013 it is only possible with extensive use of Information Technology. Banks are using two main

strategies viz: Smart Card under POS terminal with bio-metric identification and Second, Mobile phone which can be used as medium for micro payments.

- Banks are also trying to have tie-up with unique ID authority headed by Shri Nandan Nilekani who is also trying to use banking system to be able to develop UID. Banks are finding synergy with them that can be used.
- As regard 100% financial inclusion in 35 allotted Districts, out of 39,914 villages only 15,185 villages could be declared as 100% financially included which is only 38% of total villages.
- Sub-Committee of SLBC on IT enabled Financial Inclusion was held on 06-05-2010 under the chairmanship of Principal Secretary Finance. This Committee had resolved several important decisions. But the decisions taken in the Sub-Committee meeting could not be implemented.
- As regard financing to MSME sector, Banks have achieved the target prescribed for five years in 3 years time. The growth during last year was 22%. CGFTSME coverage increased from Rs. 5 lakh to Rs. 10 lakh. This increase would smoothen the lending in this sector. It was suggested that field level functionaries may be advised to cover all beneficiaries under the scheme.
- **Chief Secretary** expressed his satisfaction over the progress achieved and hoped deliberations on today's thematic agenda on financial inclusion would be useful.
- The meeting inter alia reviewed the progress of implementation of various poverty alleviation Govt. sponsored scheme, Annual Credit Plan and performance of Banks operating in the State of Madhya Pradesh for the year ended March, 2010. Thereafter the agenda was taken up for discussion.

Agenda Item No. 1:

Confirmation of the minutes of the 138th meeting of State Level Bankers' Committee held on 27th March, 2010.

Since no objections/comments were received, the minutes of the previous meeting was approved.

Agenda Item No 2:

Follow-up action on decisions of earlier meetings:

Action point 2.1: Implementation of 100% coverage of KCCs.

- Shri Rajesh Verma, Regional Director, RBI pointed out that the Private Sector Banks are not issuing KCC to farmers. Specific targets of 150 cards per branch per year should be given to these banks as prescribed for PSB and RRB and targets must be included in Annual Credit Plan. RRBs issued 93,000 KCC against the target of 1,36,000 which is 68 % whereas Cooperative Banks could achieve only 65% of the targets. The performance is not encouraging. Personal Accident Insurance Scheme coverage is also less and only about 53%. Agriculture Insurance Co. of India pointed that about 15 lakh beneficiaries have been covered under NAIS, whereas coverage should be 100%. It was viewed that Convener should request forcefully asking private banks to attend SLBC.
- As regard performance of RRBs in issuance of KCCs, Shri S. Mohpatra, CGM NABARD showed concern over the poor performance and said that most of the RRBs could achieve less than 50% of the target allotted except Narmada-Malwa KGB, Madhya Bharat KGB and Satpura Narmada KGB.
- The Chief Secretary mentioned that any suggestions/ comments from private sector banks about non-issuance of KCC. He requested RD, RBI to

look into it and to ensure that Private Sector Banks are participating in priority sector lending. ICICI Bank representative informed that they have started issuance of KCC and some cases were done during last quarter and the bank is trying to improve the position. Shri Sridhar requested to all banks to gear up the machinery to achieve targets and specific targets should be allotted to private sector banks.

House reviewed the progress. Following points were resolved:

- **Timelines** of issuance of KCC up to Rs. 25,000/- should be within 2 week. Hon'ble Chief Minister also raised this issue during the meeting with Union Finance Minister.
- Banks must adhere to the RBI guidelines for issuing **no dues certificates** within 15 days of receipt of request. Banks should also adhere the RBI guidelines for self declaration in the case of loans upto Rs. 25,000/-. It was also resolved that banks will not charge any fee for issuance of "No dues certificate" in case the amount of KCC is upto Rs. 25,000/-. This issue should be reviewed by higher authorities of the bank on frequent intervals.
- RBI guidelines emphasize that there should be no **Processing Fees** up to Rs. 25,000/-. All banks should strictly adhere it.
- No **Inspection Fee** should be charged from the borrower in case where the KCC limit is upto Rs. 25,000/-.

Action Point NO. 2.1.1: Crop Insurance Scheme:

- Shri Sridhar said that the wider base of Insurance coverage would be better for bankers as well as for farmers because in case of failure of season, farmers are benefited from the insurance claims paid by NAIS. But only 22% farmers are covered under NAIS whereas RBI guidelines are to cover 100% eligible farmers under NAIS who are availing loan for notified crop. He urged upon banks to cover 100% farmers for crop insurance and the

farmers those have not taken finance but raising notified crop may also be covered under NAIS.

- Managing Director, Apex Bank pointed out that high premium for crop insurance is a major constraint for the farmers in opting for the scheme, as the burden of interest plus premium comes to about 13% which acts as a discouraging factor in widening the coverage of the scheme.
- Shri Sridhar advised that the problem should be reported to NABARD & Insurance Corporation as with an increase in coverage under the scheme, the premium amount could be reduced.

Action Point 2.2: Issuance of KCC to Kotwars:

- Out of 28000 Sewa Bhumi Kotwars, 20017 have already been issued KCC by the Banks. MD, Apex Bank informed the house that Cooperative banks have issued 11,506 KCC to Kotwars that contributes 56% of total KCC issued to Kotwars by all banks. It was resolved that all eligible Kotwars must be issued KCC.

Action point 2.3.1: Financial Inclusion in 35 Districts of Madhya Pradesh:

- It was decided that the rest of the 15 Districts may also be allotted to the Banks having Lead Bank Responsibility of the respective District to ensure 100 percent financial inclusion in the entire State as follows:

<u>Name of the Bank</u>	<u>Districts allotted</u>
• State Bank of India	Katni, Panna, Umaria & Tikamgarh
• Central Bank of India	Anuppur, Chhindwara, Dindori, Mandasaur Seoni
• Bank of Baroda	Alirajpur
• Bank of India	Barwani, Dewas, Rajgarh & Shajapur
• Union Bank of India	Singrauli

- It was also resolved that a mechanism may be developed by the SLBC Convener in consultation with DIF to declare 100 percent financially included village and then district.

Action Point 2.3.2 & 2.3.3: Providing Banking Services in villages having population of 2000 and above & Information Technology Based Financial Inclusion:

- Secretary Rural Development informed that 112 lakh Job-cards have been issued under MNREGA out of which 67 lakh accounts have been opened in banks/post offices. House appreciated the efforts made by the banks in opening of accounts. It was also resolved that the Account Holders must be encouraged to keep deposit and also provided credit limit to some extent.
- Secretary, Rural Development mentioned that earlier the Department was operating its schemes as "**one bank - one scheme**" but now the Department is exploring possibilities for "**one bank - one district**". In this case, the bank responsible for the District would have some float fund and has to carry out the banking activities required to fulfill needs of the entire district. Department has started a pilot in Mandla district and if the results would be encouraging then it may be up-scaled for entire district.
- CEO MNREGA mentioned that payments under MNREGA is quite sensitive and delay of more than 15 days in payment to beneficiaries is an offence under the provisions of the Act and Government is bound by the Act to take punitive action. Banks were requested to avoid delay by taking appropriate measures.
- Principal Secretary Finance mentioned that State Government is already providing subsidy for hand-held devices and smart card for pilot areas and now up-scaled to the entire State. Similarly, State Government is ready to provide subsidy at the rate of 25% or maximum of Rs. 1.00 lakh for

establishing biometric ATMs in the villages identified for providing banking services. It was also mentioned that SBI has entered into a MOU for establishing such ATMs and other banks may also adopt the same.

- Shri Nitesh Vyas, Director-Institutional Finance, pointed out that the last date for submission of micro plan for villages with population of more than 2000 was 31st May, 2010, but no bank has submitted the plan as yet. He requested banks to submit the plan without further delay. The Chief Secretary mentioned that in the next meeting, the house will review the performance vis-a-vis target.
- The CMD urged all Banks to submit month-wise micro plan of implementation with proposed model of banking by July 15, 2010 to Director, DIF, under intimation to SLBC. The DIF is in the process of setting up a sub-committee to have one-to-one review of each bank.
It would be an action point in next SLBC meeting.

It was also resolved that:

- Banks chosen for BC model must improve issuance of Smart Cards in a time bound manner.
- Float Model proposed by Rural Development Department as one bank one District for all transaction would give cushion to bank.
- Banks including CBI, SBI, BOB, PNB & Dena Bank, ICICI Bank accepted the float model. These banks will consult RD and go ahead.
- Villages having population less than 2000 are to be covered by 2013. Hence; target for this year to provide banking services in villages having population more than 2,000 must be achieved by respective banks.

Action Point 2.4: Settlement of SLR Bonds

- Principal Secretary Finance informed that MPSEB has developed a strategy for OTS. A committee has been formed to settle it. UBI, SBI P&SB may come out with OTS proposal so that issue may be settled.

Action Point 2.5: Rural Development and Self Employment Training Institutes (RUDSETI) – Now called R-SETI

- Shri Sridhar mentioned that with exception of CBI, no bank has submitted claim for fund to NIRD Hyderabad. Presently, all RSETIs are running in rented premises. All banks operating RSETIs are requested to submit their claims to get fund from NIRD Hyderabad.
- Secretary Rural Development informed that suitable land is generally not available in Municipal area. In 12 districts it is problem. Collectors identified the land for RSETI but Banks are not ready to accept the same. Most of the collectors allotted the land.
- DGM, Union Bank of India mentioned that State Government has issued orders for allotment of 0.5 acre land, which is not sufficient and not as per GOI guidelines for construction of RSETI building. Hence, one acre land may be allotted. DIF informed that the GOI has already agreed that 0.5 acre land is quite sufficient for establishing RSETIs.
- It was also resolved that data on training programmes organized by the RSETIs may also be collected and may be a part of the SLBC agenda.

Action Point 2.6.1: Agriculture Debt Waiver Debt Relief Scheme 2008

- The Scheme has been extended up to 30th June, 2010 by Government of India as per 2010 budget announcement. Bankers may give feedback on recovery under Debt Relief Scheme. Hon'ble Chief Minister, MP has also raised an issue in meeting dated 28.06.2010 that the beneficiaries are not getting fresh loan. As against 12 lakh identified marginal and small farmer beneficiaries are now eligible for financing. Assuming that all KCC issued during 2009-10 are only to this category after that about 6 lakh eligible

beneficiaries are left to provide loans. UCO Bank informed that inspite of best efforts only 35% beneficiaries could get benefit under Debt Relief scheme because they are not making payment of settled amount as per policy.

- General Manager, Bank of India said that all persuasive measures have failed to evoke the required response from the targeted group and now only coercive measures can solve the recovery problem, as even two extensions and special OTS offer made by the Bank have not yielded the desired results.
- It was resolved that beneficiaries under ADWDR 2008 whose accounts are settled are to be provided with loan facilities again.
- As regard anomaly arose in classification of land holding, it was resolved that the State Government may refer this matter to the Government of India.

Action Point- 2.7: Reverse mortgage Loan Scheme.

- It was suggested that National Housing Bank, the nodal agency, may arrange seminars / workshops to create awareness about the scheme. The tenure of the loan has been revised up to life time as against 20 years earlier. All Banks were requested to take steps to popularize the scheme and implement it, since it is a great relief to old persons who have feeble sources for livelihood.

Action Point 2.8: ISHUP:

- Commissioner UADD informed the house that a Workshop was held on 09.06.2010. Representative from NHB informed the house about the activity started in 5 states to Sensitize and workshops have been organized. A Sub-Committee has been formed and first meeting of the sub-committee held on 16.06.2010 that approved an affidavit for ratification by the SLBC. House accepted the recommendations of the Sub-Committee for implementation.
- The House resolved the action points suggested by NHB as mentioned in the agenda note may be implemented by all member banks.

- Chairman & Managing Director Central Bank of India clarified that procedural simplification has been done and the problem of title has been addressed with declaratory mortgage that will enable the bank to lend under this scheme.

Agenda Item 3:

Decisions / recommendations of the various sub-committees constituted by the SLBC:

- The Chief Secretary mentioned that the meetings of various sub-committees constituted by SLBC are convened regularly which defeats objective of constituting sub-committee. It was resolved that sub-committee meeting should held at least once in a quarter and its recommendations may be placed before the SLBC.

It was further resolved that:

- Sub-Committee on IT enabled Financial Inclusion, Sub-Committee on IT enabled Financial Inclusion in Urban Areas and Sub-Committee on Financial Inclusion may be merged and constituted as "Sub-Committee on Financial Inclusion. This Sub-Committee would be headed by the Principal Secretary, Finance and Co-chaired by Regional Director, RBI. This Sub-Committee will review the progress of Financial Inclusion and submit its recommendations to the SLBC. SLBC Convener would be convener for this Sub-Committee.
- As regard Sub-Committee on Action Plan for Financial Literacy, it was decided that this Committee may be headed by the Regional Director, RBI.

Agenda Item 4:

Review and Approval of annual credit plan of Madhya Pradesh:

- Under Annual Credit Plan, Banks have comfortably achieved targets since last many years. During 2009-10, the achievement index was 111%.
- As regard Annual Credit Plan for the year 2010-2011, it has been observed that NABARD has pointed out some differences, which are incorporated in agenda item No. 9 (B). It has been observed that ACP Targets have been proposed for Rs. 21,648.67 crore which includes Agriculture Financing of Rs. 15595.60 crore. Targets for Commercial Banks have been proposed at Rs. 7728.58 crore whereas as per Union Finance Minister's announcement, target should be Rs. 13,500 crore for Commercial Banks. After discussions, it was resolved that ACP targets of Commercial Banks for FY 2010-11 should be revised to Rs. 13,500 crore and accordingly District wise targets should be revised for all Commercial Banks. Targets for Cooperative Banks and RRBs would remain un-changed. With this amendment, Annual Credit Plan for the year 2010-2011 has been approved by the House. House also desired that all member banks would achieve ACP targets in all segments of the financing.

Agenda Item 5:

Performance of banking sector in Madhya Pradesh at a glance:

House reviewed the progress under various parameters and following observations were made:

- 188 new branch offices were opened by banks in the State, but the banking penetration is still low and it needs to improve further. There is a trend of reducing numbers of bank branches in rural area whereas GOI objective is to provide banking services to all rural populace. Banks should ensure that rural branches are not to be closed or shifted.

- Aggregate deposit grew by 20.2% but advances grew only by 16.6%. It has been observed that credit expansion is not at par with the growth in deposit resulting in declining trend of CD Ratio.
- As regard low CD Ratio Districts, it was resolved that District level Sub-Committee may be revived to device a comprehensive plan of the District for improvement of CD Ratio.
- It was resolved that the DRI advances are not upto the prescribed level of financing. All banks must achieve the level prescribed by the RBI.
- Ratio of Priority Sector Advances to Total Advances was 64%, compared to the national norm of 40% and Agriculture credit is 38% of total advances against the norm of 18%.
- Bankers are alive to social commitments towards weaker sections and the advances to this section constituted 14% of total advances as against the national norms of 10 %.

Agenda Item 6:

Performance under various government sponsored programmes:

- House reviewed the progress under various government sponsored schemes and following observations were made:
- It has been observed that even after sponsoring of sufficient number of cases in various government sponsored schemes, banks are reluctant to sanction and disbursement. It is necessary that all banks must achieve the targets for all government sponsored schemes.
- It has also been reported that cases are returned after a long time without assigning any reason. This practice should be stopped.
- Commissioner, UADD mentioned that scheme for financing to "Hath Thela and Cycle Rickshaw operators" is a part of SJSRY and needs specific attention of the banks. This year, 100% financial targets have to be achieved irrespective of physical target.

Agenda Item 7:

Performance of banking sector under special focus programmes:

House reviewed the progress under Special Focus Programmes and following observations were made:

- As per GOI directives, application for education is to be received on-line loan. This is not aware to the public in large. Necessary publicity must be made for this.
- Financing to Artisans through Artisan Credit Card and General Credit Card is not picking in its spirit. Special efforts should be made to issue these both types of cards.

Agenda Item 7.5: Financial Assistance to Schedule Castes / Schedule tribes:

Smt. Salina Singh, MD, MP SC/ST Corporation requested that besides Bahan Nivedita, Antyoday Yojana and Sant Ravidas Dindayal Market Scheme are running successfully and all targets have been achieved. Another flagship scheme of Chief Minister's programme is Kapil Dhara Scheme under which BPL beneficiaries belonging to SCs/STs are provided with financial assistance for Diesel/Electric pump for which a subsidy of Rs.10000/- is available per head. Secretary Rural Development added that Kapildhara scheme is under MNREGA. MNREGA & forest dwellers beneficiaries may also be provided with facility. She further informed that corporation budgeted 8.84 crore amount for this financial year for 8835 beneficiaries under this scheme. So, all banks are requested to lend under this scheme. Shri Sridhar also added that RBI is considering issuance of instructions to provide loan facility to MNREGA beneficiaries.

Item 7.10: Advances to women beneficiaries.

- Shri Sridhar mentioned that target for financing women beneficiaries has been achieved in the State. MD, Mahila Vitta Vikas Nigam informed the house that the Corporation is implementing a Tejaswini Programme funded by International Fund for Agriculture Development (IFAD). More than 12,000 SHGs are to be formed in 6 districts, out of which 3 districts are in Bundelkhand (Tikamgarh, Chhatarpur, Panna), and other three districts are Balaghat, Dindori, Mandla but the Corporation is facing problem in grading of SHGs formed. It was decided that:
 - This programme does not have any subsidy component for the SHGs like other Govt. sponsored schemes.
 - It was assured by the House that active support would be provided by all the banks for financial support under the programme.
 - As regard non-opening of account of SHGs by some of the bank branches, it was decided that the Corporation will inform through the LDM about the programme and LDM will ensure sanction of Cash Credit Limits to SHGs.
 - An amount of Rs. 38 crores has been provided in state credit plan along with district credit plan under this scheme.
 - It was clarified that service area approach would be applicable to Tejaswini Scheme.
 - As regard age of SHGs, it was clarified that it would be counted from the date of formation of group and not from the date of opening accounts in the bank.
 - House agreed with her views and advised all member banks to support under the programme because these all SHGs are 100% women oriented.
- CGM NABARD mentioned the house that banks are discouraging opening of the SHG accounts. House resolved that all banks should issue instructions to their branches to ensure opening of SHG's account. Satisfying the query of MD, MVVN, CGM, NABARD informed the house that adequate guidelines on opening of SHG account and their grading is already available. There is

no question that under which mode SHGs are formed. Shri Sridhar requested all banks to reiterate instruction to all branches under their control.

Part – II

THEME BASED AGENDA ITEM -FINANCIAL INCLUSION

- Shri Sridhar mentioned that Directorate of Institutional Finance has circulated a status paper on Financial Inclusion to all members. Chief Secretary desired to present the paper in brief.
- DIF briefed that in accordance to the decision taken in last SLBC meeting, a status paper was circulated to all member banks. This paper highlights the status of Financial Inclusion in Madhya Pradesh and requested House to decide on the major issues coming out from the status paper and following resolutions / decisions are needed:
 - All banks should prepare of village wise micro plan for providing banking services in selected 2615 villages, which includes mode of coverage, so that a compiled plan may be posted by DIF and SLBC on the website. This exercise should be completed by 15th July 2010. There should be monthly review by the Sub-Committee.
 - Earlier, only 35 Districts were allotted to different banks for hundred percent Financial Inclusion and 15 districts were not allotted to any bank. Hence, these 15 districts may be allotted to banks having Lead Bank responsibility of respective district.
 - Earlier, State Government was providing subsidy for smart card and hand-held device for pilot area, which has now been up-scaled for entire State.
 - State Government proposes to provide 25% subsidy subject to maximum of Rs. 1 lakh per ATM machine for establishing biometric ATMs in villages identified and allotted to respective banks. State Government may also provide space for installation of such ATMs in government/panchayat premises.

- State Government has established about 4000 kiosks in the State under national e-governance programme. SBI has signed a MOU with MP Online and these Kiosks are operating as BC. There is an issue of submission of individual guarantee which may be considered by SBI as combined guarantee. Other banks may also examine utilization of Kiosk in the area of operation for appointing them as BC.
- Rural Development has come forward with one bank one district float model. Banks interested in this model may directly approach to Rural Development Department and discuss the modalities and finalize with the Department directly.
- No Frill accounts shall continue to be opened at Zero balance. Need based small amount of credit limit may also be provided for which most of the banks have already designed schemes.
- The Chief Secretary mentioned that banks are insisting upon to maintain a minimum balance in MNREGA account or No-Frill account, which is defeating whole purpose of opening of account. Regional Director, RBI said that bank branches are not clear about relaxed KYC norms for no frill accounts. They are insisting on full KYC norms. He stated that the branches especially urban branches should be sensitised about the needs of the urban poor and should not insist for minimum balance etc. subject to operational limits placed on no frill accounts. Banks were advised to comply with RBI instructions.
- Shri Sridhar mentioned that 100% Financial Inclusion Services should be extended from 35 districts to entire 50 districts of State. Regional Director, RBI observed that only 38% of villages have been covered under Financial Inclusion in two years. Some districts have shown even less than 20% achievement. The data presented in this regard does not appear to be correct. There is need for better data collection from villages / branches by DLCC /SLBC.
- Regional Director, RBI suggested that theme based agenda which is being discussed in SLBC should flag action points and the action taken report should be reviewed in the next SLBC, so that performance / achievement

can be quantified and the theme is not reduced to a mere subject of discussion.

THEME FOR NEXT SLBC

DIF mentioned that as per earlier decision, theme for next SLBC is to be decided by the SLBC. The following themes were suggested:-

- Financing to Housing Sector (Urban & Rural Housing Finance)
- Term Loan Financing in Agriculture Sector
- Financing to Horticulture Sector
- **After discussions, it was decided by the House that the theme for next SLBC would be on the following subjects:-**
- Financing to Housing Sector (Urban & Rural Housing Finance)
- Financing to Horticulture Sector
- It was also decided that the Convener, SLBC will prepare a draft status paper with the help of concerned State Government Department appropriate agency/bank (e.g. National Housing Bank) on both the themes and circulate it to all members for comments.

PART - III:

AGENDA ITEMS PROPOSED BY DIF, RBI, NABARD etc.

- Shri S. Sridhar, CMD appreciated the idea of State Government for loans to forest dwellers upto Rs.1 lakh without collateral security. However, he was apprehensive about income generation capacity/ income of forest dwellers to repay the loan and security available for it. He suggested that some

subsidy from the Govt. would ease out the problem. Additional Chief Secretary, Forest clarified that now forest dwellers have legal rights on the patta available with them. Now, they are adopting best agriculture practices to increase their income and they also have income from minor forest produces. Thus to increase the potential of forest dwellers all banks were requested to consider to enhance the limit of credit to forest dwellers from Rs. 50,000/- to Rs. 1.00 lakh.

- DGM Union Bank of India suggested that if the sale proceeds of minor produce are tied up with the Bank to repay the forest dwellers loan, it would be a better option and will encourage banks to finance them.
- Chairman & Managing Director, Central Bank of India mentioned that the banks should assess for collateral free loan upto Rs. 1.00 lakh to Forest Dwellers. It was also suggested that RBI may also issue directives to all banks in this regard. In the meantime, SLBC, Convener may interact with Forest Department to firm-up a scheme/solution for the scheme so that a concrete proposal can be posed to RBI for decision.
- **Regarding issuing annual slips to pensioners:**
It was resolved that all banks doing pension disbursement will issue slips to all pensioners on any change in the pension amount.
- **Regarding levy of license fee on bank branches by some municipal corporations:**
Commissioner, UADA informed that government have already issued directives to the municipal corporations and again reiterate it. The copy of letter will be circulated soon to all the member banks.
- **Collateral free Education Loan:**
Shri S. Sridhar informed the house that there is collateral free education loan up to Rs.4.00 lakh. It needs to be strictly followed by the banks. Any specific instances must be brought to the notice of SLBC. DIF raised

apprehension that banks are not sanctioning education loan less than Rs.4.00 lakh without collateral security. CMD Central Bank of India informed that Central Bank have average Rs.2.8 lakh education loan per head in the country. He also inform the house that they have proposed Government of India to establish a guarantee fund for meeting the guarantee for education loan of less than 4 lakh. Principal Secretary, Finance informed the house that State Government is already having a scheme for giving guarantee for education loan of more than Rs. 4 lakh to the beneficiaries having income less than Rs. 3 lakh per annum. Banks should guide to eligible beneficiaries to avail the benefit of the scheme.

- **Potential Linked Plan:**

Shri S. Sridhar informed the house that PLP must be prepared by August and asked CGM NABARD to comment. CGM NABARD informed the house that exercise of preparing PLP has already been started and requested all bankers and Government officials to instruct their district level functionary to assist DDMs for preparing the PLP, so that the Government can use PLP while preparing the State budget.

Other Issues:

- About digital connectivity for banking penetration, Shri S. Sridhar, CMD, Central Bank of India remarked that the entire work may take some time to complete, but the process has started and State Government may request BSNL to help in the process. Regional Director RBI suggested that the State Government at District administration level should take up the problem of connectivity with the BSNL and private sector service providers. Shri Sridhar said the sub-committee of SLBC can closely monitor the entire gamut of issues relating to IT enabled Financial Inclusion.
- It was decided that Banks having Lead Bank responsibility must ensure that LDM's offices are sufficiently empowered and structured.

Issues from NABARD:

- CGM NABARD requested the bankers to help in start farmers club since it is helping hand for bank branches. 2500 Kisan Clubs are to be formed this year and Finance Minister is also emphasizing the formation of farmers club. CGM NABARD further told that the banks must achieve the targets allotted to them for Swarojgar Credit Card. CGM NABARD further mentioned that large infrastructures has been created with RID Fund and requested the banks to finance agriculture sector in those areas to develop synergy for better impact on development.
- CMD, Central Bank of India added that financing to investment credit requires proper attention i.e. term loan for agriculture and allied activities as suggested by NABARD. He also mentioned that there are vast variations in quantum of crop loan from district to district. All banks must ensure financing in accordance with the scale of financing.
- The Chief Secretary concluded that a lot of efforts have gone in planning and structuring the programmes, but there is a need to strengthen the delivery system so that the people can actually feel and enjoy the fruits of development. He requested bankers to develop strong monitoring system to gauge the progress in delivery of services to the people.
- **The Convenor thanked** all the dignitaries, bankers and Govt. officials present with an assurance and hope that decisions made in the house would be followed and implemented in letter and spirit, and the role of sub committees would be monitored in coming days.

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LIST OF PARTICIPANTS
139th STATE LEVEL BANKERS' COMMITTEE MEETING
HELD ON 29.06.2010

S. N.	Govt. Deptt. /Bank/ Institution	Name	Designation
G O V E R N M E N T			
1	Govt. of Madhya Pradesh	Shri Avani vaish	Chief Secretary
2	Forest	Shri M.K. Roy	Add. Chief Secretary
3	Finance	Shri G.P. Singhal	Principal Secretary
4	Agriculture & Co-operative	Shri M.M. Upadhyay	Principal Secretary
5	Revenue	Shri Subhash Jain	Additional Secretary
6		Shri Ashok Gupta	Dy. Commissioner
7	Tribal & SC Welfare	Dr. Deoraj Birdi	Principal Secretary
8	Urban Administration Development Deptt.	Shri S.N. Mishra	Commissioner/Secretary
9		Shri P.N. Pandey	Joint Director
10	Directorate of Institutional Finance	Shri Nitesh Vyas	Director, Institutional Finance
11	Panchayat & Rural Development	Shri Ajay Tirky	Secretary
12		Shri M.B. Ojha	Director, Rural Employment
13		Shri P. Josh	Project Officer(SGSY)
14	M.P. Mahila Vitta Evam Vikas Nigam	Smt. Shikha Dubey	MD
15		Shri Manoj Nayak	DPM
16	Finance Deptt.	Shri Sanjay Shrivastava	Joint Director
17	Commercial Industries & Employment	Shri Vinod Semwal	Commissioner, Industries
18	MP Mahila Vikas /Vitta vikas Nigam	Shri Shikha Dubey	MD
19	OBC & Minorities Comm.Bhopal	Shri T.D. Patel	MD
20	Deptt. of RD, MNAREGA	ShriSheoShekharShukla	CEO

21	Directorate of Agriculture	Shri K.S. Theilr	DDA
22	MPSCFDC	Smt. Saleena Singh	MD
23		Shri O.P. Gupta	General Manager
24		Shri S.M. Kale	General Manager
25	M.P. Housing Board	Shri U.A. Kaveeshvar	Dy. Housing Commissioner
26	M.P. Hastashilp Evam Hath Kargha Vikas Nigam	Shri Ramakant Chaturvedi	General Manager
27	KVIC Bhopal	Shri Veer Pal Singh	Nodal Officer
28	Urban Administration & Dev.Deptt.	Shri Dinesh Singh	Officer
29	P & RD	Shri Suneshwar Singh	IC
30	Fisheries	Dr. Veena Ghanekar	Commissioner
31	M.P. Matikala Board	Shri P.K. Jain	CEO
32	MP Financial Corpn. Bhopal	Shri A.K. Mehta	Dy. General Manager
33	Directorate of Institutional Finance	Shri S.K. Gupta	Joint Director
34		Shri Sultan Ahmed	O.S.D.
35	National Housing Bank	Shri A.P. Saxena	Dy. General Manager
36	National Horticulture Board Bhopal	Shri Nitin Kumar	Officer
37	Registrar, Co-Operative Society	Shri S.N. Gupta	Joint Commissioner
38	Energy Deptt.	Shri R.K. Katare	Addl. Secretary
39	Khadi Board, Bhopal	Shri L.D. Kesta	FA
40	Horticulture	Mr. Ashish Kumar	Asstt. Director
41	MP Electricity Board, Jabalpur	Shri Mukul Mehrotra	Joint Director (accounts)
42	Agri.Insurance Corpn.	Mr. Shaji Itty	Asstt. Manager
	CONVENOR BANK - CENTRAL BANK OF INDIA		
43	Central Bank of India	Shri S. Sridhar	Chairman & Managing Director
44		Shri B. Mondal	General Manager, Bhopal Zone
45		Shri A.P. Dwivedi	General Manager, Raipur Zone

46		Shri I.P.S. Oberoi	MD, Cent Bank Home Finance
47		Shri C.S. Parmar	Dy. General Manager
48		Shri Chain Singh	Asstt. General Manager
49		Shri M.K. Shrivastava	Chief Manager-SLBC
50		Shri O. Manogaran	Chief Manager
51		Shri Dhananjay Sharma	Senior Manager-SLBC
R B I & OTHER INSTITUTIONS			
52	RBI	Shri Rajesh Verma	Regional Director
53		Ms. Rani Durve	Asstt. General Manager
54	NABARD	Shri S. Mohapatra	Chief General Manager
55		Shri K. Syed Ali	General Manager
56	Ministry of MSME	Shri P.C. Yadav	Asstt. Director
57	SIDBI	Shri G. Sampath Kumar	Dy. General Manager
STATE BANK GROUPS			
58	State Bank of India	Shri Bhagwantha Rao	Chief General Manager
59		Shri B. Ranganathan	Dy. General Manager(RB)
60		Shri M.Rh Siddiqui	Chief Manager
61		Mr. Devesh	Manager Liaison
62	State Bank of Indore	Shri Narsimha Reddy	General Manager
63		Shri G.D Kotgire	Dy. General Manager
64	State Bank of Travancore	Shri B.K. Garnaik	Chief Manager
65	State Bank of Bikaner & Jaipur	Shri P.P.S. Tomar	Asstt. Manager
66	State Bank of Hyderabad	Shri Ravindra Pathrobe	Branch Manager
67	State Bank of Mysore	Shri Manish Saxena	Asstt. Manager
68	State Bank of Patiala	Shri I.P.Singla	Branch Manager
OTHER NATIONALISED BANKS			
69	Allahabad Bank	Shri Ashish Tiwari	Chief Manager
70	Andhra Bank	Shri Nagamalleswara Rao	Chief Manager
71	Bank of Baroda	Shri R.K. Soni	Asstt. General Manager

72		Shri Atul Gupta	Officer
73	Bank of India	Shri M.D. Sharma	General Manager
74		Shri Prem Kumar	Zonal Manager
75		Shri K.K. Gurnani	LDM
76	Bank of Maharashtra	Shri V.J. Gupta	Asstt. General Manager
77	Canara Bank	Shri K.M. Chandran	General Manager
78		Shri S.K. Tiwari	Manager
79	Corporation Bank	Shri V.K. Aggarwal	Dy. General Manager
80	Dena Bank	Shri S.K. Sharma	Dy. General Manager
81		Shri J. Bapat	Dy. Regional Manager
82		Shri Manish Kumar	Manager
83	Indian Bank	Shri B.R. Gupta	Asstt. General Manager
84	Indian Overseas Bank	Shri P.K. Garg	Asstt. General Manager
85	Oriental Bank of Commerce	Shri R.K. Takkar	Dy. General Manager
86		Shri V.S. Thakur	Senior Manager
87	Punjab National Bank	Shri R.K. Saluja	Asstt. General Manager
88		Shri Man Mohan Lal	Senior Manager
89	Punjab & Sindh Bank	Shri Y.K. Verma	Zonal Manager
90		Shri V.S. Mishra	Manager
91	Syndicate Bank	Shri Dileep Kumar Arora	Asstt. General Manager
92	UCO Bank	Shri S.L. Dixit	Zonal Manager
93	Union Bank	Shri C.S.P. Rao	Dy. General Manager
94		Shri P.S. Ananthanarayan	Asstt. General Manager
95	Vijaya Bank	Shri Ashok Lokwani	Officer
PRIVATE BANKS			
96	Axis Bank	Shri Nikhil Newaskar	Divisional Manager
97		Shri Dinesh Kumar Rathore	Asstt. Manager
98	ICICI	Shri Vikram Dewan	Regional Head
99	IDBI Bank Ltd.	Shri V.M. Bhole	DGM
100		Shri R. Nagbanshi	Manager
101	Indusind Bank	Ms. Swati Mishra	Chief Manager
102	Bank of Rajasthan	Shri A.K. Lohiya	Branch Manager
103	Federal Bank	Shri P.G. Sukumaran	Senior Manager
104	HDFC Bank	Shri Rakesh Rehan	Vice President

105		Shri Vivek Mishra	Dy. Vice President
106		Shri Taresh Shukla	Dy. Vice President
107	J& K Bank	Shri Mohan Lal	Officer
108	The Karur Vysya Bank Ltd.	Shri Tanay Indapurkar	Officer
109	South Indian Bank	Shri Amresh Jha	Officer
COOPERATIVE BANK			
110		Shri Sushil Mishra	Managing Director
111	Apex Bank	Shri S.K.Gupta	General Manager
REGIONAL RURAL BANKS			
112	Satpura Narmada KGB	Shri B.K. Singal	Chairman
113	Mahakaushal RRB	Shri S.K. Behere	Chairman
114	Narmada Malwa Gramin Bank	Shri T.S, Patil	General Manager
115	Vidisha Bhopal RRB	Shri K. Mohan Rao	Chairman
116	Rewa Sidhi RRB	Shri S.D. Singh	Chairman
117	Sharda Gramin Bank	Shri R.K. Bajpai	Manager.Acctts.
118	Madhya Bharat Gramin Bank	Shri G.C. Panda	Chairman
119	Jhabua Dhar KGB	Shri S.N. Parikh	Chairman