

BANKING OVERVIEW (MADHYA PRADESH) JUNE 30, 2018

Number in actuals & outstanding amount in Rs. crores

Sr.	Parameters	Outstanding Amount			Y-o-Y Variation in absolute term		Y-o-Y Variation %	
		Jun-16	Jun-17	Jun-18	Jun-17	Jun-18	Jun-17	Jun-18
1	Total number of Branches	7,299	7,259	7,426	-40	167	-0.55	2.30
2	Total number of ATMs	8,983	9,316	9,621	333	305	3.71	3.27
3	Total Deposits	2,89,797	3,40,488	3,68,859	50,691	28,371	17.49	8.33
4	Total Advances	2,08,934	2,37,792	2,73,313	28,858	35,521	13.81	14.94
4a	Credit as per place of utilization	*	*	7,626	*	*	*	*
5	Credit Deposit Ratio	72.10	69.84	74.10	-2.26	4.26	-2.26	4.26
5a	CD Ratio including credit as per place of utilization			76.16				
6	Total Business [3+4]	4,98,731	5,78,280	6,42,172	79,549	63,892	15.95	11.05
PRIORITY SECTOR ADVANCES								
7	Agriculture	66,427	85,142	92,976	18,715	7,834	28.17	9.20
8	Crop Loans out of total agriculture	48,128	62,919	71,201	14,791	8,282	30.73	13.16
9	% of Agriculture advances to Total advances [RBI Norm: 18%]	31.79	35.81	34.02	4.01	-1.79	4.01	-1.79
10	MSME	36,084	40,254	47,662	4,170	7,408	11.56	18.40
10a	Credit to Micro Enterprises	16,420	17,389	23,634	969	6,245	5.90	35.91
11	% of credit to micro enterprises to total advances (RBI Norm-7.5%)	7.86	7.31	8.65	-0.55	1.33	-0.55	1.33
12	Export Credit	570	42	123	-528	81	-92.63	192.86
13	Education	1,814	1,880	1,910	66	30	3.64	1.60
14	Housing	18,031	19,805	19,823	1,774	18	9.84	0.09
15	Social Infrastructure	132	118	177	-14	59	-10.61	50.00
16	Renewable Energy	57	480	62	423	-418	742.11	-87.08
17	Others	8,431	1,326	1,945	-7,105	619	-84.27	46.68
18	Total Priority Sector Advances [7+10+12+13+14+15+16+17]	1,31,546	1,49,047	1,64,678	17,501	15,631	13.30	10.49
19	% of Priority Sector advances to Total advances [RBI Norm: 40%]	62.96	62.68	60.25	-0.28	-2.43	-0.28	-2.43
20	Total Non-Priority Sector Advances	77,388	88,745	1,08,635	11,357	19,890	14.68	22.41
21	Advances to small & marginal farmers	21,386	23,370	30,498	1,984	7,128	9.28	30.50
22	% of advances to small & marginal farmers to total advances [RBI Norm: 8%]	10.24	9.83	11.16	-0.41	1.33	-0.41	1.33
23	Total NPA	11,023	18,773	36,503	7,750	17,730	70.31	94.44
24	% of NPA to total advances	5.28	7.89	13.36	2.62	5.46	2.62	5.46
25	Advances to Weaker Sections	42,961	46,646	57,930	3,685	11,284	8.58	24.19
26	% of advances to Weaker Sections to total Advances [RBI Norm: 10%]	20.56	19.62	21.20	-0.95	1.58	-0.95	1.58

*Not available

MAJOR HIGHLIGHTS OF Q-1 FY 2018-19

1. Total Business of the Banks increased to Rs.6,42,172 crore as of June 30, 2018 as compared to Rs. 5,78,280 crore as on June 30, 2017 registering y-o-y growth of 11.05%.
2. Total Deposits stood at Rs. 3,68,859 crore in June 30, 2018 from Rs. 3,40,488 crore as at June 30, 2017. The year-on-year (y-o-y) growth in aggregate deposits worked out to 8.33% in June 30, 2018 which was lower as compared with that in June 2017 i.e. 17.49%.
3. The shares of savings, current and term deposits stood at 39.59 per cent, 7.34 per cent and 53.07 per cent, respectively, in June 2018,
4. Gross Advances of the Banks increased to Rs.2,73,313 crore as at June 30, 2018 as against Rs. 2,37,792 crore as at June 30, 2017 registering y-o-y growth of 14.94 %, which is higher than the growth of a year ago i.e. 13.81%.
5. Agriculture Advances increased by 9.20% y-o-y to Rs.92,976 crore in June 2018 from Rs. 85,142 crore in June 2017. Agriculture credit is constituting 34.02% of the total credit portfolio as on June 30, 2018.
6. MSME Advances stood at Rs. 47,662 crore in June 2018, showing y-o-y growth of 18.40% as compared to 11.56% a year ago.
7. The credit-deposit (C-D) ratio of the state increased to 74.10% at the end of June 30, 2018 from 69.84% a year ago. However, actual CD ratio stood at 76.16% as on 30.06.2018 after including the utilization of credit of Rs. 7,626 crore as per “place of utilisation Norm” of RBI.
8. Housing Loan portfolio of the Banks under priority sector stood at Rs.19,823 crore as on June 30, 2018, showing marginal increase of 0.09% year on year basis. However, overall housing sector (priority & non-priority) has registered a growth rate of 14.42% y-o-y during June 2018.
9. Gross NPA to Gross Advances constrained at Rs. 36,503 crore as on June 2018 as against Rs. 18,773 crore as on June 2017. In percentage terms, it was 13.36 % as on June 30, 2018 as against 7.89 % a year ago.
10. Ten Banks State Bank of India, DCCBs, Bank of India, Central Bank of India, Punjab National Bank, Union Bank of India, HDFC Bank, ICICI Bank, Bank of Baroda and Allahabad Bank continued to be accounted for over two-thirds of total business as on June 2018.
11. Banks in Madhya Pradesh have a network of 7,426 branches spanning 37%, 31% and 32% in rural, semi-urban and urban & metropolitan areas respectively with 9,621 ATMs as on June 30, 2018.



PERFORMANCE AND SIGNIFICANT DEVELOPMENTS

BANKING FACILITIES

Banking services in the State are covered through a network of 7,426 branches as on 30.06.2018. Of which 2740 (37%), 2336 (31%) and 2350 (32%) branches comprised rural, semi urban & urban branches respectively. Besides brick and mortar branches, banking facilities are being extended by 10,343 business correspondents in 11,864 rural Sub Service Areas.

At the end of June 30, 2018, there were 42 Commercial Banks (CBs), 3 Regional Rural Banks (RRBs), 1 State Cooperative Bank (MPStCB), 38 District Central Cooperative Banks (DCCBs) and 7 Small Finance Banks (SFBs). Payment Banks viz. FINO and IPPB are also functioning in the state.

In Madhya Pradesh, each bank office serves 10,209 people compared to the all-India average of 9,280 people. However, as per the Sub Service Areas, banking facilities are being provided by bank branch and business correspondents with in the radius of 5 km from each village. Public Sector Banks constitute 57% of the banking network in Madhya Pradesh followed by Regional Rural Banks (18%), Private Sector Banks (12%), Cooperative Banks (11%), and others (2%).

As of June 2018, total number of ATMs in the State increased to 9,621 from 9,316 a year ago.

As on 30.06.2018

All Banks vis-a-vis Commercial Banks

As on 30.06.2018

Particulars ▼	All Banks	Commercial Banks
Aggregate Deposits (Lakh)	36,885,915	32,337,044
Bank Credit (Lakh)	27,331,259	22,796,237
Credit Deposit Ratio	74	71
Number of Bank Branches	7,426	5,129
Per Capita Credit (Rs. Actual)	36,057	30,074
Per Capita Deposit (Rs. Actual)	48,662	42,661
Population per Bank Branch	10,209	14,781

Population of the State: 7.58 crore

CREDIT OFFTAKE

The Banks in the state continued to accord importance to varied goals under national priorities, including agriculture, micro & small enterprises, micro-credit, weaker sections etc. Banks credit grew at 8.33 percent year-on-year to Rs 3,68,859 crore on June 2018 from Rs 3,40,488 crore in June 2017. Credit expansion by Commercial Banks recorded 12.17% y-o-y growth during June 2018.

AGRICULTURE

Credit flow to agriculture and allied sectors increased to Rs 92,976 crore during June 2018 from Rs 85,142 crore during previous year, recorded 9.20% y-o-y growth. Agriculture credit of Commercial Banks grew by 7.60% y-o-y to reach at Rs 58,955 crore.

The share of agriculture term loan to total agricultural credit was 23.72% during current quarter. However, it was 32.52% for the Commercial Banks as of June 2018, which is slightly more than the minimum Norm of 32% for the country.

MSMEs

Micro Small and Medium Enterprises have shown growth of 18.40% as on June 30, 2018, on a year-on-year basis, above from 11.56% last year. Annual growth rate of micro enterprises was 35.91% during June 2018 quarter.

EDUCATION

Education loans under priority sector (Up to Rs 10 lakh) has shown 1.60% growth over previous year during June 2018. However, it was 42.93% for the loans above Rs. 10 lakh.

HOUSING

As of June 2018, housing loans under priority sector has shown 0.09% marginal growth over previous year. This is due to housing loans portfolio of State Bank of India under priority sector reduced by Rs. 1,228 crore during June 2018 from the previous year . However, overall housing sector (priority & non-priority) has registered y-o-y growth rate of 14.42%.

Housing Loans

Amount in crore

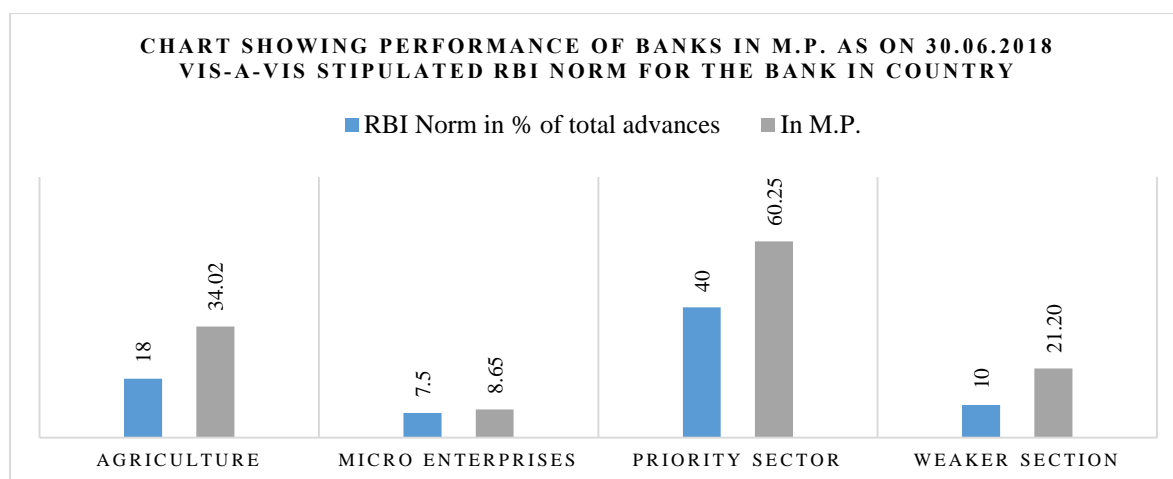
	June-17	June-18	Variation	Variation %
Priority	19,805	19,823	18	0.09
Non-Priority	7,717	11,669	3,952	51.21
Total	27,522	31,492	3,970	14.42

Recently, the housing loan limits for eligibility under priority sector lending has been revised by RBI to **Rs 35 lakh in metropolitan centres** (with population of ten lakh and above) from Rs 25 lakh and **Rs 25 lakh in other centres** from Rs 20 lakh, provided the overall cost of the dwelling unit in the metropolitan centre and at other centres does not exceed **Rs 45 lakh and Rs 30 lakh respectively**. Earlier it was Rs 35 lakh and Rs 25 lakh for metropolitan and other centres respectively.

Further, the existing family income limit of Rs 2 lakh per annum for the purpose of construction of houses for Economically Weaker Sections (EWS) and Low Income Groups (LIG), is revised to Rs 3 lakh per annum for EWS and Rs 6 lakh per annum for LIG, in alignment with the income criteria specified under the Pradhan Mantri Awas Yojana.

RBI NORM VIS-À-VIS PERFORMANCE OF BANKS IN MADHYA PRADESH AS ON JUNE 30, 2018

- Priority Sector advances were 60.25% of total credit. Which is more than the stipulated RBI Norm of 40% for the Banks.
- Agriculture credit was 34.02% of total credit. Which is above the RBI Norm of 18%.
- Credit to micro enterprises under MSME was 8.64% of the total advances higher than the RBI Norm of 7.5%.
- Advances to weaker sections was 21.20% of the total credit. Which is higher than the RBI Norm of 10%



SMALL FINANCE BANKS & PAYMENT BANKS IN MADHYA PRADESH AN OVERVIEW

SMALL FINANCE BANKS

Small Finance Banks and payments banks are differentiated banks; with the common objective of furthering financial inclusion. While small banks provide a whole suite of basic banking products, such as, deposits and supply of credit, but in a limited mode, payments banks provide a limited range of products, such as, acceptance of demand deposits and remittances of funds, but will have a widespread network of access points particularly to remote areas, either through their own branch network or through Business Correspondents (BCs) or through networks provided by others. They add value by adapting technological solutions to lower costs.

SCOPE OF ACTIVITIES FOR SFBs

- The small finance banks shall primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities.
- There will not be any restriction in the area of operations of small finance banks.
- The minimum paid-up equity capital for small finance banks shall be Rs. 100 crore.
- The small finance banks will be required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by the Reserve Bank of India.
- SFBs have to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as per RBI norms.
- At least 50 per cent of its loan portfolio should constitute loans and advances of up to Rs 25 lakh. Etc.

STATUS IN MADHYA PRADESH AS ON JUNE 30, 2018

Amount in crore

Sr.	Bank	NO. OF BRANCHES					BUSINESS		
		Rural	Semi Urban	Urban	Total	ATM	Deposits	Credit	Per Branch Business
1	AU	0	16	21	37	37	502	1788	61.90
2	Equitas	5	4	16	25	20	553	301	34.15
3	Fincare	0	0	1	1	1	11	0	11.18
4	Jana	0	3	6	9	0	3	510	57.01
5	Suryoday	0	0	22	22	1	56	94	6.81
6	Ujjivan	0	1	1	2	2	6	61	33.6
7	Utkarsh	26	3	4	33	3	140	135	8.32
	Total	31	27	71	129	64	1271	2889	32.25

As per the directives of Reserve Bank of India, Small Finance Banks is a part of the credit planning exercise from the financial year 2018-19 under Lead Bank Scheme. Accordingly, in the respective locations, they need to be participated in various fora of the lead bank scheme i.e. SLBC, DLCC/DLRC and BLBC as a regular member from the first quarter of 2018-19.

Implementing agencies of government sponsored schemes may assign the target to these banks as per their eligibility to finance.

PAYMENT BANKS

In the State, FINO payment bank and India Post payment Bank are operational. Brick and mortar presence is not necessary for the payment Banks. Due to technological advancement, they provide services through Digital platform.

SCOPE OF ACTIVITIES

- Acceptance of demand deposits-Payments bank will initially be restricted to holding a maximum balance of **Rs. 1,00,000 per individual customer**.

- Issuance of ATM/debit cards-Payments banks, however, cannot issue credit cards.
- Payments and remittance services through various channels.
- Business Correspondents (BC) of another bank, subject to the Reserve Bank guidelines on BCs.
- Distribution of non-risk sharing simple financial products like mutual fund units and insurance products, etc.
- The payments bank **cannot undertake lending activities**.

WHAT CAN PAYMENT BANKS DO?

- Offer internet banking, sell mutual funds, insurance and pensions.
- Have business correspondents and ATMs.
- Offer bill payment service for customers
- They can enable transfers and remittances from a mobile phone.
- They can offer forex services.
- They can provide forex cards to travellers, usable as debit or ATM card all over India.
- They can also offer card acceptance mechanism to third parties.

	PAYMENTS BANKS	SMALL BANKS
WHO CAN PROMOTE	<ul style="list-style-type: none"> > Prepaid card issuers, telecom companies, NBFCs, business correspondents, supermarket chains, corporates, realty sector co-ops & PSUs 	<ul style="list-style-type: none"> > Individuals/professionals with 10 years experience in finance, NBFCs, microfinance cos, local area banks
WHAT THEY MUST DO	<ul style="list-style-type: none"> > Have a minimum capital of Rs 100cr > Maintain 75% of deposits in govt bonds > Maintain 25% of deposits in other banks > Have at least 26% investment by Indians > Get listed if net worth crosses Rs 500cr > Have 25% of branches in unbanked areas > Be fully networked and technology driven > Have Rs 1 lakh cap for deposits in one a/c 	<ul style="list-style-type: none"> > Have a minimum capital of Rs 100cr > Extend 75% of loans to priority sector > Have 25% of branches in unbanked areas > Maintain reserve requirements > Cap loans to individuals and groups at 10% and 15% of net worth > Have a business correspondent network
WHAT THEY CAN DO	<ul style="list-style-type: none"> > Offer internet banking > Sell mutual funds, insurance, pensions > Offer bill payment service for customers > Have ATMs and business correspondents (BC) > Can function as BC of another bank 	<ul style="list-style-type: none"> > Sell forex to customers > Sell mutual funds, insurance, pensions > Can convert into a full-fledged bank > Expand across the country
WHAT THEY CAN'T DO	<ul style="list-style-type: none"> > Offer credit cards > Extend loans > Handle cross-border remittances > Accept NRI Deposits 	<ul style="list-style-type: none"> > Extend large loans > Float subsidiaries > Cannot deal in sophisticated financial products

FINO PAYMENT BANK

FINO has **78 branches** and more than 5000 Customer Service points (CSP) in the state. The bank has more than 1.20 lakh customer base in the state as on August 2018. The bank also offers health benefit and insurance products to their customers.

INDIA POST PAYMENT BANK (IPPB)

- Hon'ble Prime Minister launched India post payment Bank on 1st September 2018 with a view to provide banking and financial services to people in rural areas.
- India Post Payments Bank (IPPB) has opened **42 branches** in MP Circle covering more than 80% districts of the State in one go.
- All IPPB Branches are situated in Post Office premises.

- All 8276 Post Offices (Head Post office, Sub Post office & Branch Post Office) in MP Circle will work as Access Points (APs) of IPPB under RBI's Bank-BC model.
- All 42 Branches of IPPB in MP are already live with 210 Access Points as on 01-Sep-2018.
- IPPB has on-boarded Total 57,825 SB accounts & 600 current accounts in 42 Branches having balance of Rs.11.09 lakhs as on 10.09.2018.

Future Rollout Plan of IPPB for Madhya Pradesh State is as below-

Roll Out Plan	IPPB Branch	Head Post Office	Sub Post Office	Branch Post Office	Total no. of Access Point Mapped	Actual/Proposed go-live Date
Launch Access point (5 Per Branch)	42	40	45	125	210	01.09.2018
Access Points Roll out priority Wave 1 (10%)	-	3	127	695	825	30.09.2018
Access Points Roll out priority Wave 2 (30%)	-	NA	336	2,146	2,482	31.10.2018
Access Points Roll out priority Wave 3 (30%)	-	NA	244	2,238	2,482	30.11.2018
Access Points Roll out priority Wave 4 (28%) (Remaining)	-	NA	224	2,053	2,277	31.12.2018
Total	42	43	976	7,257	8,276	31.12.2018

MICRO, SMALL AND MEDIUM ENTERPRISES

MSME STATUS AS ON 30.06.2018

Numbers in actual & Amount in crores

Sr.	Particulars	June-2017		June-2018		% Y-o-Y variation	
		No.	Amt.	No.	Amt.	No.	Amt.
1	MSE Advances (Micro & Small Enterprises)	9,89,873	35,375	12,71,710	41,877	28.47	18.38
2	% age of lending to Micro enterprises to MSE	89.72	49.16	92.56	56.44	2.84	7.28
3	Micro Enterprises	8,88,078	17,389	11,77,047	23,634	32.54	35.91
4	% of advances to Micro Enterprises to total advances	7.08	7.31	9.07	8.65	1.99	1.33
5	Small Enterprises	1,01,795	17,986	94,663	18,243	-7.01	1.43
6	Medium Enterprises	4,885	4,372	25,125	4,556	414.33	4.21
7	Khadi & Village Industries	5,797	122	6,795	175	17.22	43.44
8	Others under MSMEs	15,213	386	2,01,476	1,054	1224.37	173.06
9	Total advances to MSME Enterprises	10,15,768	40,255	15,05,106	47,662	48.17	18.40
10	Total Advances	1,25,46,586	2,37,792	1,29,82,658	2,73,313	3.48	14.94
11	NPA under MSMEs	2,14,375	3,658	2,35,249	4,426	9.74	21.00
12	% NPA of the portfolio	21.10	9.09	15.63	9.29	-5.47	0.20

OBSERVATIONS

- MSME advances increased by 18.40% year on year basis during June 30, 2018.
- Advances to Micro Enterprises was 8.65 % of total credit as on June 30, 2018, which is above the prescribed Norm of 7.5%.
- In terms of the recommendations of the Prime Minister’s Task Force on MSMEs, there was 18.38% year-on-year growth in credit to micro and small enterprises as on June 30, 2018 as against the Norm of 20%.
- There was a 32.54% annual growth in the number of micro enterprise accounts during current quarter under review as against Norm of 10%.
- Lending to micro enterprises was 56.44% of total lending to MSE sector during the first quarter of current fiscal, which is lower than the Norm of 60%.
- NPA under MSME sectors increased by Rs 768 crore y-o-y and stood at Rs 4,426 crore during June-18 quarter.

NON-PERFORMING ASSETS IN BANKS

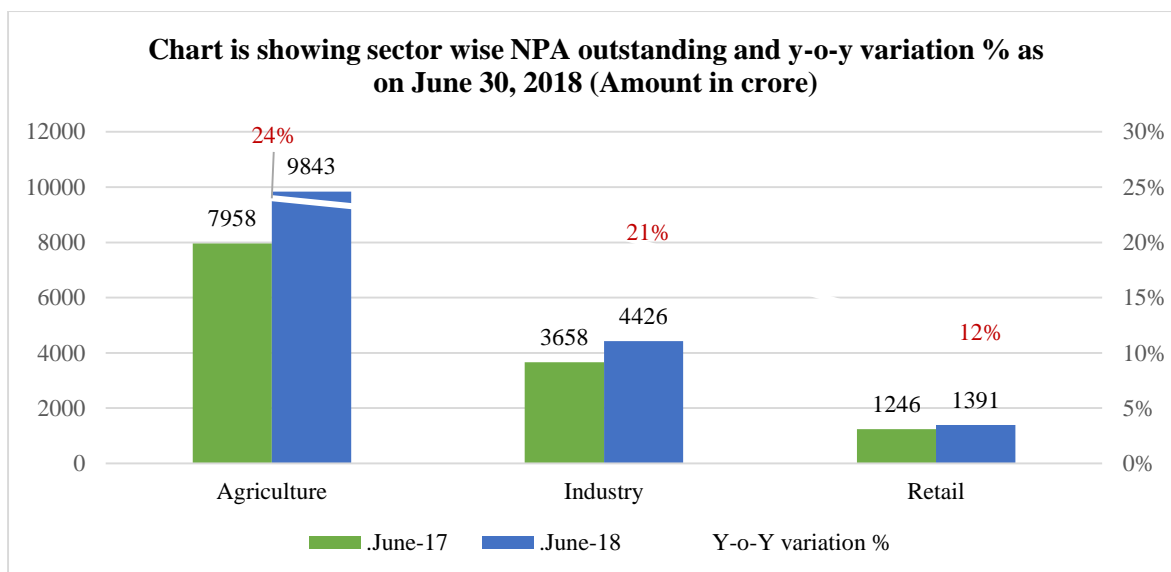
STATUS AS ON 30.06.2018

The stress in the banking sector continues as non-performing advances (NPA) ratio rises further. NPA ratio of the banks in Madhya Pradesh rose from 7.89% of total credit in June 2017 to 13.36% by June 2018. In absolute term, NPA increased from 18,773 crore in previous year to 36,503 crore during June 2018, showing 94% increase y-o-y.

Amount in crore

Agency	Deposits				Credit				Non-Performing Assets			
	Jun-17	Jun-18	Y-o-Y variation	Y-o-Y variation %	Jun-17	Jun-18	Y-o-Y variation	Y-o-Y variation %	Jun-17	Jun-18	Y-o-Y variation	Y-o-Y variation %
PSBs	269586	286186	16599	6.16	162616	176375	13759	8.46	12978	26405	13427	103.45
PVBs	30641	37185	6544	21.36	40611	51587	10976	27.03	1089	4023	2934	269.40
RRBs	19017	20249	1233	6.48	11155	11682	528	4.73	1487	1939	452	30.40
Co-op.	21244	23969	2725	12.83	23411	30779	7369	31.48	3219	3929	710	22.06
SFBs	0	1271	1271	0.00	0	2889	2889	0.00	0	207	207	0.00
MP.	340488	368859	28371	8.33	237792	273313	35520	14.94	18773	36503	17730	94.44

Non-performing assets (NPAs) are a key concern for the banks. They are the indicator of the health of the banking industry. Bank’s credit growth has grown up on a year on-year (y-o-y) basis by 14.94% as compared to growth in deposit, which was 8.33% during June quarter of current fiscal. However, the crucial problem of the banks is the increasing level of non-performing assets, year by year.



The NPA ratio in the agriculture sectors rose from 7,958 crore in June 2017 to 9,843 crore during June quarter of current fiscal, showing 24% y-o-y increase. Whereas NPA under industry and retail sectors increased by 21% and 12% respectively y-o-y as on June 2018. NPA under agriculture, industry and retail sectors was 10.59%, 9.29% and 4.10% of the portfolio respectively as on June 2018.