

**MINUTES OF THE 166th / 167th MEETING OF THE
STATE LEVEL BANKERS' COMMITTEE, MADHYA PRADESH
HELD ON 8th FEBRUARY, 2018 AT BHOPAL**

The 166th /167th meeting of State Level Bankers' Committee, Madhya Pradesh was held on 08.02.2018 at Conference Hall, Central Bank of India, Zonal Office, Bhopal, under the Co-Chairmanship of Shri P. C. Meena, Agriculture Production Commissioner & Additional Chief Secretary, Govt. of Madhya Pradesh and Shri B. S. Shekhawat, Executive Director, Central Bank of India.

Senior officials from the Govt. of Madhya Pradesh, Regional Director-RBI, Chief General Manager-NABARD, General Manager- RBI, State level heads of the Banks and officials from other related agencies also attended the meeting. A list of the participants is annexed hereto.

At the outset, Shri Ajay Vyas, Convener, SLBC & Field General Manager, Central Bank of India welcomed all the participants. Thereafter, Shri B. S. Shekhawat, Executive Director, Central Bank of India addressed the house. Shri Shekhawat briefly threw some highlights of national Budget 2018, macroeconomic scenario of the country and the economic situation of the state of Madhya Pradesh.

He congratulated state government for successful implementation of "Bhawantar Bhugtan Yojana" in their first attempt and said that this historic decision will prove to be an important step towards doubling the income of farmers.

Citing reference of recently announced Monetary Policy of RBI, wherein, banks have been allowed to treat all MSME loans engaged in rendering of services as defined in terms of investment in equipment under MSMED Act as priority sector loans without any limit on their exposure, he said that this will encourage banks to lend to this sector which is an engine for economic growth.

He also deliberated upon Mukhya Mantri Krishak Udhyami Yojana", which has been launched recently by the state government for farmers' children. He said that this would provide opportunities for the youths to bring more technologies in agriculture sectors.

Thereafter, Shri P. C. Meena, Agriculture Production Commissioner & Additional Chief Secretary, Govt. of Madhya Pradesh addressed the house. He mentioned that banks should strive hard to achieve the target of Annual Credit Plan of current fiscal for priority sector,

which was 56% at the end of third quarter. However, he mentioned that overall achievement including priority and non-priority sectors was 90%.

Action: All Banks

Referring to drought, which has affected 133 Tehsils of 18 districts in the state, he urged banks to take suitable steps for providing relief measures as per the RBI guidelines in vogue.

Action: Concerned Banks & LDMS

He also flagged that the banks are still insisting/obtaining collateral security in some of the cases of government sponsored schemes, whereas the scheme provides guarantee cover through CGTMSE. Banks were advised to follow the guidelines of the scheme and to ensure providing collateral free loans, as applicable.

Action: All Banks

Afterwards, the regular agenda of the SLBC was presented and the following action points emerged out of the discussions from agenda items:

1. Adoption of the Minutes of last SLBC meeting

The minutes of State Level Bankers' Committee meeting held on 18.09.2017 was circulated to all members. SLBC had received a communication from NABARD, Bhopal for modification in point no. 5-G of the minutes. Since, no other request for amendment was received, the house confirmed and adopted the minutes with the above amendment.

2. Banking Development in Madhya Pradesh Q-3 FY 2017-18

2.1 Credit Deposit Ratio

2.1.1 The credit-deposit (C-D) ratio of the state increased to 74.28% at the end of December 2017 from 65.66% a year ago. Including credit as per place of utilization, the CD ratio stood at 77.31%. Excluding cooperative banks and RRBs, CD ratio of scheduled commercial banks (SCBs) was also recorded 71.47% as on December 31, 2017 as against 63.06 % in the previous year. These reflect a healthy credit growth y-o-y in the state.

2.1.2 APC & ACS pointed out that the districts viz. Shahdol, Umaria, Dindori, Mandla and Tikamgarh having CD ratio less than 40%. It was decided that Special Sub-Committees (SSCs) of DCC should be set up in these districts as per the RBI guidelines to monitor the CD ratio. If it is already formed, the Special Sub-Committee

(SSCs) should draw up Monitorable Action Plans (MAPs) for improving the CD ratio in their districts on a self-set graduated basis.

Action: LDM Shahdol, Umaria, Dindori, Mandla and Tikamgarh & Respective Lead Banks

2.1.3 It was also decided that on the basis of the feedback received from the DCC regarding the progress in the implementation of the Monitorable Action Plans (MAPs), respective LDMs should prepare consolidated report and submit to SLBC for discussion / information.

Action: LDM Shahdol, Umaria, Dindori, Mandla and Tikamgarh & Respective Lead Banks

2.1.4 As these districts are generally tribal prominent / backward areas and dependent solely on the primary sector. In such areas, conventional methods are not likely to work unless the Banks, the State Government & other stake holders come together in an especially meaningful way. For this purpose, a special task force at the state level may be formed.

Action: State Govt., Respective Banks etc.

2.2 Agriculture

2.2.1 Though, credit to agriculture and allied activities increased by 13.68% y-o-y in Dec-17, a concern was raised on the unsatisfactory growth in investment credit of agriculture. CGM, NABARD said that at least 32% of the agriculture credit should go to the investment credit category, while it is only 23% in the state as on December 31, 2017.

Action: All concerned Banks

2.2.2 It was observed that RRBs and cooperative banks are lagging behind in this regard. As on December 31, 2017, agriculture term loans percentage to total agriculture of these banks were only 10% and 1% respectively. They were advised to look at the clusters for horticulture, &FPOs.

Action: RRBs & Cooperative Banks

2.2.3 Chief General Manager, NABARD stated that banks can work on the “National Mission on Micro Irrigation (NMMI)”, which has been introduced by Govt. of India, Ministry of Agriculture to increase the area under improved methods of irrigation for agriculture growth. Under this scheme farmers are given financial assistance for the implementation of micro irrigation system in the field. He said that NABARD has prepared model scheme on ‘Micro Irrigation System’ for the Command Area of Pressurized Irrigation Projects in Madhya Pradesh. Banks may explore the

possibilities to finance under this scheme. NABARD may also share the model scheme with all banks, so that the scheme may be percolated upto grass root level.

Action: NABARD & All Banks

2.3 MSMEs, Housing, Education, Social Infrastructure & Other Priority Sector

2.3.1 Credit to MSME sector grew by 32.79 percent (y-o-y) in December 2017, higher than the growth of last year.

2.3.2 Credit off take by the housing (real estate) sector grew by 18.70 percent on a y-o-y basis, during December 2017 as compared to negative growth in the corresponding period.

2.3.3 Education loans also increased by 11.58% (y-o-y), higher than the growth of previous year i.e. 6.55%. Private Banks were advised to come forward and increase this portfolio.

Action: Private Sector Banks

2.3.4 It was observed that loans financed to social infrastructure sectors have not been classified properly in the CBS system, while banks lend a large amount to this sector. Banks were advised to carry out the data cleaning exercise, resulting in the actual amount under this sector.

Action: All concerned Banks

2.3.5 Banks in Madhya Pradesh has shown commendable performance under Priority Sector Lending (PSL). Priority sector lending to total advances was 65.15% during December 2017 quarter as against the RBI Norm of 40%. The priority sector lending registered Y-o-Y growth of 18.75 during December 2017 in line with the trend of the growth of previous few years.

3. Annual Credit Plan Q-3 FY 2017-18

3.1 The performance under ACP during the third quarter of the current FY was reviewed.

3.2 Agriculture credit recorded 50% achievement during the third quarter of current fiscal as compared to 53% achieved during the corresponding period last year. The house expressed its concern over the lower growth and all banks were requested to ensure 100% achievement by end of financial year.

- 3.3 Performance of RRBs and cooperative banks need more improvement as they could achieve only 33% & 48% of their targets of priority sector respectively.

Action: RRBs & Cooperative Banks

- 3.4 Dr. Rajesh Rajora, Principal Secretary, Govt. of M.P. Farmers Welfare & Agriculture Development said that the penetration of modernized techniques of farming and mechanization can help in improving the agriculture practices. As the government aims at doubling the income of farmers, new and innovative ideas to achieve this goal should be explored. Banks were advised to focus on how to improve the infrastructure.

- 3.5 Some members raised that slippages and multiple financing under crop loans are also the factors, which hampered the growth. The Principal Secretary, Agriculture raised the issue of dichotomy in the Scale of Finance of the tribal districts and the districts of Malwa region. He mentioned that many a time the scale of finance fixed is low for the farmers and there is no parity among different districts. The matter needs to be discussed in DCC meetings and it should include actual cost incurred by farmers on inputs like seed, fertilizers, farm equipment etc.

Action: All concerned LDMs & Lead Bank of the District

- 3.6 It was informed that 6 Food parks are being set up in the state. These food parks provide an opportunity for increasing processing capabilities in the state for horticultural crops on the back of improved post-harvest practices. The horticulture department of the state government was requested to work in tandem with the banks and share login ID and password with the Banks.

Action: Horticulture Dept., Govt. of M.P.

4. Pradhan Mantri Fasal Bima Yojana

- 4.1 The issues, in which, banks deducted the premium on time but it was delayed in remitting the premium to the insurance companies due to some exigencies was raised by the banks. Dr. Rajesh Rajora, Principal Secretary, Farmers' Welfare & Agriculture Development Dept., GoMP assured the banks to discuss these issues along with other implementation challenges of Pradhan Mantri Fasal Bima Yojana viz. rejection of claims by the insurance companies on technical/flimsy grounds, poor infrastructure of the insurance companies, non-issuance of cover note or policy documents to farmers, lack of coordination and non-existence of grievance redressal mechanism, non-payment of the service charges on collected premium to banks by

the insurance companies etc. in the meeting of **State Level Coordination Committee on Crop Insurance (SLCCCI)**, which is the apex body for overseeing implementation of PMFBY in the state. It was also informed that decision of this committee will be binding for all concerned.

Action: Farmers Welfare Dept., Govt. of M.P.

5. Adoption of Mukhya Mantri Krishak Udyami Yojana & amendments in Mukhya Mantri Yuva Udyami Yojana, Mukhya Mantri Swarojgar Yojana & Mukhya Mantri Arthik Klayan Yojana

5.1. MSME department, Government of Madhya Pradesh vide letter no. F2-121/2017/A-73 dated 16.11.2017 has launched a new scheme namely “Mukhya Mantri Krishak Udyami Yojana” and amended 3 flagship self-employment oriented schemes. Shri V. L. Kantha Rao, Principal Secretary-MSME placed these schemes for adoption by the house. The house unanimously adopted these schemes.

5.2. It was raised that some bank branches do not dispose of MSE loan application for a credit limit or enhancement in the existing credit limit up to Rs. 5 lakh and up to 25 lakh within the prescribed time line formulated by the Banking Codes and Standards Board of India (BCSBI). Shri Kantha Rao mentioned that there is a need to devise some system to monitor the timeline for disposal of cases.

5.3. Shri Kantha Rao further said that these matters would be discussed in the sub-committee meeting of MSMEs. Accordingly, the convener of sub-committee was advised to convene its meeting at the earliest.

Action: Convener, Bank of India

6. Progress under Government Sponsored Schemes

6.1. Mukhya Mantri Krishak Udyami Yojana

The house expected that this new scheme will give impetus to food processing industries/centres. All banks were also advised to percolate the scheme upto branch level, so that branches are fully aware about the new scheme.

6.2. Mukhya Mantri Yuva Udyami Yojana, Mukhya Mantri Swarojgar Yojana & Mukhya Mantri Arthik Kalyan Yojana

6.2.1 The progress was noted.

6.2.2 As the Achievement index was very low for tribal community. The matter of low credit absorption in tribal area was raised. Regional Director, RBI stated that banks are prepared to increase the credit in these areas. However, he stated that the State Government may come up with some specific schemes/project viz. Milk processing, packaging, animal husbandry etc. wherein, banks can extend credit in these projects. Shri Vyas, Convener-SLBC also requested the state government to work it out for increasing credit absorption in tribal areas.

Action: Tribal Welfare Dept. of State Govt.

6.2.3 Loan applications under Mukhya Mantri Yuva Udhyami Yojna and Mukya Mantri Swarojgar Yojna of DIC are now received online through MPOne Portal. Only 10 banks are boarded on the new portal. Remaining banks were requested to on board in MPOne portal (<https://msme.mponline.gov.in>) accordingly.

Action: All concerned Banks

6.2.4 Achievement index of Ghumakkad and Ardh Ghumakkad departments was low. It was mentioned that banks have not been able to integrate with the nomadic tribes due to their peculiar social mores. The convener SLBC said that such matter may be discussed in detail in the sub-committee meeting of Industry.

Action: Convener, Punjab National Bank

6.2.5 It was raised that some shopkeepers increase the prices of goods when they know about the Bank's loan. The borrowers may have the freedom to procure the assets themselves, in particular small loans. Some members stated that there is a provision in banks wherein, disbursement upto a certain limit under industry, service and business sector may be made in cash where a number of items are to be brought in. However, the relevant threshold under the Income Tax Act, 1961 is Rs. 20000/-.

6.3. Prime Minister Employment Generation Programme (PMEGP)

6.3.1 Progress noted by the house.

6.3.2 It was raised that uniform distribution of applications for loan under this scheme is not happening at the field level, which results in a situation in which some of the bank branches find themselves saddled with quite a large number of applications whereas many other branches receive relatively less number of applications. The concerned departments of the state government were advised to look into the matter and address the issue.

Action: KVIC, KVIB & DIC

6.4. National Rural Livelihood Mission (NRLM) & Pradhan Mantri Mudra Yojana

- Progress noted by the house.

6.5. Standup India Scheme

6.5.1. The progress was not satisfactory. The banks informed that they are not getting the leads. SC/ST welfare departments of the state government were requested to generate leads on this score.

Action: SC/ST welfare Dept., Govt. of M.P.

6.5.2. Shri Kantha Rao mentioned that the banks may get the proposal of such prospective borrowers of state govt. sponsored schemes, whose case has been rejected due to income tax payment criteria.

6.5.3. SIDBI representative raised the matter of gap between sanctioned and disbursed amount under this scheme. Banks were advised to disburse the cases on merit basis.

Action: All concerned Banks

6.5.4. It was stated that non-availability of handholding agencies in the districts is also a factor for low achievement.

6.5.5. Some banks urged the state govt. to approach the GOI for making the scheme more attractive like Mukhya Mantri Yuva Udyami Yojana.

Action: MSME Dept., GoMP

6.6. Pradhan Manti AwasYojana-Urban

6.6.1. The scheme was discussed.

6.6.2. Banks were requested to claim interest subsidy under the credit linked subsidy scheme (CLSS) of eligible borrowers.

Action: All Banks

6.7. Dairy Entrepreneurship Development Scheme (DEDS)

This scheme is being implemented by the Department of Animal Husbandry, Dairying and Fisheries (DAHD&F), GoI through NABARD to extend assistance for setting up small dairy farms and other components to bring structural changes in the dairy sector. GOI has recently made an additional budgetary allocation of subsidy for the state of Madhya

Pradesh for financial year 2017-18. Banks were requested to dispose of the pending cases under this scheme at the earliest.

Action: All concerned Banks

7. On-line web portal for data collection for DCC/DLRC meetings

It has been observed that collecting data from various banks for preparing the agenda of DCC/DLRC meetings is a difficult task for the LDMs. To facilitate the LDMs in this score, an on-line functionality has been created by SLBC, wherein, all the banks are supposed to upload branch wise/district wise quarterly data into the existing portal of SLBC. This functionality has been created in such a way that Gram Panchayat wise and Block wise data also can be generated. The above functionality is operational from December-2017 quarter. This new utility was adopted by the house.

8. Engagement of Lead District Managers (LDMs) in activities other than prescribed by RBI

Under the Chief Minister's help line complaint mechanism, the LDM is made grievance redressal officer at Level-1. In the recently held workshop of LDMs organized by RBI on 6th & 7th December 2017, 48 out of 51 LDMs of the State had attended the same. All raised their serious concern about this arrangement as a hindrance to their job role as defined in the LBS scheme. The state govt. was requested to delink the LDMs from this mechanism and Shri Meena, ACS assured the house in the matter.

Action: State Govt.

9. Opening of "banking outlets" in villages having population 5000 and above

As on December 31, 2017, out of 47 identified centres, 43 centres have been covered by banks. 15 Centres have been covered through brick and mortar branches and 28 centres have been covered through Banking Outlets manned by business correspondents. Remaining 4 centres in Bhind district are to be covered. Due to prompt corrective action which puts restriction on expansion of branches, it could not be opened. It was suggested that banks may come forward voluntarily for opening of banking outlets in remaining four centres in Bhind district, so that the task may be completed before 31st March 2018.

Action: All concerned banks

10. Financial Inclusion

10.1. The progress was noted.

10.2. The Ministry of Tribal Affairs, GOI has mandated that from the coming financial year, payment of scholarship can only be done through the Aadhaar Enabled Payment System (AEPS). The State Department of Tribal Affairs is also putting in place a system where all benefits due to its beneficiaries will be passed on only through the NPCI linked AEPS. In view of above, banks were requested to take up the matter of Aadhaar seeding with NPCI on priority basis and complete the task with the help of district administration latest by 31st March 2018. Banks informed that Aadhaar can also be seeded at BC outlets. This information should be disseminated to the masses by respective DCC.

Action: All Banks & District Administration

10.3. *Making Aadhaar mandatory for availing loans under various government sponsored schemes*-Delinquency in terms of number of accounts in some Govt. sponsored schemes is more than 10%. Banks are also following up these accounts and also trying to identify the root cause. It is observed that multiple loans under various government sponsored schemes are being sponsored/given to the same person. In this regard, it is suggested the following:

- a) Making Aadhaar as a prerequisite to avail loans under various government sponsored schemes.
- b) Seeding Aadhaar in all existing government sponsored loans.
- c) The proposals received from the prospective entrepreneurs should be screened by a committee consisting of professionals, including bankers, to evaluate the capability of the applicant, both technical and financial.

Action: State Government

11. Non-Performing Assets (NPAs)

11.1. The house expressed concern on increasing trends of NPA, which increased to 8.71% of total advances on Dec-17 from 6.71% in last year.

11.2. Disposal of pending cases under Sec-14 of SARFAESI Act with DM was raised. As of December 31, 2017, there were 324 cases pending with District administration. The State Government assured banks to expedite recovery proceedings.

Action: State Government

11.3. It was raised that the orders passed by District Magistrates for handing over physical possession of the secured assets are not being executed by the Tehsildars. They start hearing afresh, which inordinately delay the process and is against the provision of SARFAESI Act; beyond their jurisdiction. The State Government assured to issue suitable instructions in this regard.

Action: State Government

11.4. A concern was raised by the members on the increasing delinquencies under Chief Minister Rural Housing Mission (CMRHM) scheme, which was 13.57% of the portfolio as on December 31, 2017 and it is increasing day by day. During subcommittee meeting of recovery held on 03.02.2018, it was decided to come out with a solution to address the issue by all stake holders. The chairman stated to deliberate this issue separately in the subcommittee meeting on housing.

Action: Central Bank of India

11.5. Since RRC model in Uttar Pradesh is successful and Bank of Baroda is the convenor of SLBC, it was suggested to BOB to submit a detailed report to SLBC, how to replicate UP model in the state of M.P. at the earliest.

Action: Bank of Baroda

12. Education loans

12.1. The performance of banks under higher education loan scheme was noted.

12.2. Private Banks were requested to come forward to give education loans as their share under this category is very low.

Action: All Private Sector Banks

12.3. Banks were also directed to Claim subsidy for Education Loan under various schemes of the State and Central Govt. It is observed that all stake holders need to popularize the credit guarantee fund scheme for education loans (CGFSEL), which guard the banks against default of education loans, giving bankers confidence to lend to students.

Action: All Banks & State Govt.

13. Relief measures in drought affected areas

- 13.1. The State Government vide its Gazette notification dated 02.11.2017 has declared 133 Tehsils of 18 districts drought affected area of a severe/moderate nature.
- 13.2. For providing relief measures by the banks the district administration needs to provide list of affected farmers with certificate of loss/percentage in their standing crops, to banks for further action. DCCs have to satisfy themselves fully that the crop loss has been 33% or more before acting on these pronouncements.
- 13.3. The list of affected farmers with loss percent is not yet provided in some districts. They are Datia, Ashok Nagar, Tikamgarh, Bhind, Shivpuri, Sheopur & Shahdol districts. The state government was requested to issue suitable instructions to concerned district Collector so that banks could be able to restructure of the crop loans.

Action: State Govt.

The meeting ended with a vote of thanks to the Chair by Shri Vishesh Kumar Shrivastava, General Manager, Punjab National Bank.

(Minutes approved by Agriculture Production Commissioner & Additional Chief Secretary, Govt. of M. P.)

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