

Minutes of the 187th and 188th meeting of State Level Bankers' Committee, Madhya Pradesh held on 19th January 2024

The 187th and 188th meeting of the State Level Bankers' Committee, Madhya Pradesh was held on January 19, 2024, through a dual participation mode. The meeting was Chaired by Smt. Veera Rana, Chief Secretary to the Government of Madhya Pradesh and attended by the senior officials from State Government departments, the Reserve Bank of India, NABARD, Banks, and SLBC departments. Shri Jitendra Asati, Director, Department of Financial Services, Ministry of Finance, Government of India, joined the meeting through video conferencing. At the outset, Shri Tarsem Singh Zira, General Manager of Central Bank of India and Convenor SLBC, welcomed all the participants. Subsequently, deliberations commenced on the agenda items. The key points discussed and actionable outcomes are outlined below.

- 1. Confirmation of the minutes-**The minutes of the 186th SLBC meeting held on July 17, 2023, were distributed to all concerned parties and were made available on the SLBC and DIF websites. No amendments or suggestions were received; hence, the house unanimously adopted the minutes.
- 2. Banking Development Q-2-** The house noted the year-on-year percentage growth trends for the last three financial years. Expressing satisfaction with the comparative year-on-year growth of Scheduled Commercial Banks at the national level versus Madhya Pradesh in the September 2023 quarter, the Additional Chief Secretary (ACS), Farmers Welfare and Agriculture Development emphasized the crucial role of agriculture term lending in the sustainable development of the agricultural sector and rural economies. It was underscored that promoting and emphasizing such lending practices can significantly contribute to the well-being of farmers and the growth of the agricultural industry.

Action: All Banks and Convenor Sub-committee of Agriculture & Allied Activities

- 3. Credit-Deposit Ratio-** The house expressed contentment with the state's ratio surpassing the national level in September 2023. However, concern was raised about five districts where the CD ratio was below 40%. The RBI's GM (FIDD) requested the State Government to enhance credit absorption capacity in these districts to improve their CD ratio. ACS-Finance Department highlighted that three districts—Umariya, Singrauli, and Anuppur—have mining areas and industries, leading to a high deposit base. The Chief Secretary instructed to identify reasons for the low CD ratio, suggesting that the matter be discussed in the sub-committee meeting on improving the CD ratio. NABARD's General Manager requested SLBC to include an agenda item on low Priority Sector Lending (PSL) districts in the next sub-committee meeting on Agriculture and allied activities.

Action: Convenor Sub-committee of Improving CD Ratio and SLBC

- 4. Annual Credit Plan Q2- FY 2023-24-** Concerning the Annual Credit Plan, the house expressed satisfaction with the Q-2 FY 2023-24 achievements. It was emphasized that there is a need to increase agriculture term lending, recognizing its pivotal role in sustaining the positive trajectory.

5. **Opening of brick-and-mortar branches in 56 identified centres-** Out of the 56 identified centers for the establishment of brick-and-mortar branches, a total of 36 branches have been successfully opened till date. However, banks have reported encountering challenges in 10 other centers, citing issues such as the unavailability of suitable premises and network connectivity. Addressing this concern, the Principal Secretary (PS) of the Science and Technology Department highlighted that the Bharat Net project is actively working to provide broadband connectivity in every Gram Panchayat, effectively resolving the problem of inadequate network connectivity. In response to these challenges, the Chief Secretary assured that the State Government would address and resolve the issues hindering the establishment of branches. She directed the Science and Technology Department to convene a meeting with the relevant banks and share a comprehensive list with BSNL to facilitate connectivity.

Action: Directorate of Institutional Finance, Science and Technology Department

5A. It was also clarified by the forum that in cases where a solid structure is not available, the government will provide the necessary infrastructure.

Shri Jitendra Asati, Director of the Department of Financial Services (DFS), emphasized the need to expedite tasks to ensure the timely completion of branch openings. He specifically requested that the involved parties work diligently to meet the March 2024 deadline for completing this initiative.

Action: SLBC, Panchayat & Rural Development Department and respective Banks

6. **Enhancing Financial Inclusion: A call for PSBs to expand branches in untapped Blocks-** The Convenor-SLBC highlighted that, currently, the number of branches per lakh population in Madhya Pradesh stands at only 11, falling short of the national average of 14. It was observed that there are 80 Blocks with one PSB presence. Among these, 41 Blocks have SBI branches, while no any other PSBs are present. Additionally, there are 39 Blocks have one PSB branches, but there is no presence of SBI.

In addressing this imbalance, an appeal was made to SBI and other public sector banks to voluntarily adopt the untapped Blocks for the establishment of brick-and-mortar branches, thereby augmenting branch penetration. Responding to this, the Chief General Manager (CGM) of SBI mentioned that their bank has already identified 11 Blocks for branch openings and is actively working on the implementation. The General Manager of Central Bank of India informed that a branch would soon be opened in another such Block, named Jatara in Tikamgarh district by their bank.

Action: State Bank of India & other PSBs

7. **Expanding and Deepening Digital Payment Ecosystem-** The Reserve Bank of India has initiated a comprehensive program aimed at expanding and enriching the digital payment ecosystem across every district in the country. As of November 2023, 94% accounts of eligible operative savings accounts and 85% accounts of eligible operative current accounts were covered by any one mode of digital transactions. The General

Manager (FIDD) at RBI emphasized the need for increased awareness among banks to achieve the program's goals by the specified deadline of March 31, 2024.

The Principal Secretary of the Science and Technology Department requested banks to provide QR codes to every street vendor of PM SVANidhi Scheme and empower them to engage in digital transactions.

Action: All Banks & Convenor-Sub-committee on Digital Transactions

8. **PM JANMAN-** The PM JANMAN initiative is an endeavour to uplift and empower Particularly Vulnerable Tribal Groups (PVTGs), fostering their ability to overcome challenges and actively engage in the nation's development. The Additional Chief Secretary of the Tribal Welfare Department has shared that approximately 32,000 PVTGs have been identified, and there is a need to open PMJDY accounts for them. Additionally, there are around 4,000 individuals who do not have access to Kisan Credit Cards (KCC). According to reports, banks have opened PMJDY accounts for 48% of the identified 32,000 PVTGs. The ACS emphasized the necessity for banks to intensify their efforts to achieve 100% coverage at the earliest.

In response, the Convenor-SLBC assured that if the department provides a list of such PVTGs, the banks will strive to achieve 100% coverage promptly, underscoring the commitment to the PM JANMAN initiative's objectives.

Action: Tribal Welfare Department & concerned Banks

9. **Ghar-Ghar KCC Abhiyan-** The house expressed contentment with the progress made by banks during the Ghar-Ghar KCC campaign from October 1st to December 31st, 2023. The Additional Chief Secretary for Agriculture highlighted instances where farmers are encountering difficulties in accessing Kisan Credit Cards because their farmland is located in a different district than their residence. In response, the Chief Secretary advised the SLBC Convenor to issue necessary directives to banks to address this issue, ensuring that such farmers do not face hardship in obtaining KCC.

Action: SLBC

10. **Non-Performing Assets (NPA)-** The house was briefed on the concerning status of Non-Performing Assets under the Chief Minister Rural Housing Mission Scheme, reaching a notable 48.7% of the portfolio as of September 2023. The Chief General Manager of SBI urged the State Government to consider a one-time solution to prevent a large number of defaulted borrowers from being excluded from the banking system. In response, the Chief Secretary advised discussing this matter in the sub-committee meeting on improving the recovery system to devise a comprehensive solution.

Action: Convenor-Sub-committee on Improving Recovery System

10A. Section 14 of the SARFAESI Act holds a pivotal role in this process by assigning District Magistrates (DMs) the responsibility of disposing of cases related to the enforcement of security interests. However, recent observations have highlighted significant delays in decision-making by District Magistrates, resulting in a backlog of pending cases. The Convenor-SLBC informed the house that, despite efforts to

sensitize the DMs, progress has been slow. The Chief Secretary directed the Finance Department to organize a meeting with respective collectors to enhance their awareness and expedite the decision-making process.

Action: Directorate of Institutional Finance

11. Real Estate Sector- A significant disparity between the market value and the guideline value of properties was highlighted by the Convenor-SLBC, bringing attention to the adverse consequences of this trend on various stakeholders in property transactions. The Chief Secretary advised the Revenue Department to engage in separate discussions with banks, in collaboration with the Inspector General of Registration (IGR), to devise a solution to address this concerning issue.

Action: Revenue Department, Inspector General of Registration

12. Government Sponsored Schemes- The bank-wise progress was reviewed. The actionable points emanated from the deliberations are-

- i. The insufficient submission of applications by the respective departments of the Mukhya Mantri Self-Employment Generation Schemes in comparison to the set targets was noted. Departments were directed to ensure an adequate submission of applications to banks.
- ii. The Chief Secretary instructed all implementing departments to conduct regular reviews of progress, ensuring that targets are met by the end of February 2023.
- iii. It was emphasized that banks should refrain from ad hoc rejections and rejection should be based on valid grounds.
- iv. While some banks performed well, others did not meet expectations. The Chief Secretary stressed the importance of all banks actively participating in government programs and achieving their allotted targets.
- v. Under the NRLM, it was advised banks that the per-unit lending amount be increased and not fall below one lakh rupees to better support the objectives of the scheme.

Action: All Banks

13. Financial Inclusion- The General Manager (FIDD), RBI emphasized the need for banks to actively promote financial literacy to effectively achieve the goals of financial inclusion. He urged the State Government to incorporate Financial Literacy into school curriculum. The inclusion of financial literacy in school education not only contributes to the development of a financially literate and responsible citizen but also aligns with the National Strategy for Financial Inclusion (NSFI).

Action: School Education Department

13A. National Strategy for Financial Inclusion (NSFI) recommends offering comprehensive skill development information to new bank customers at the time of account opening. In this regard, the Convenor-SLBC requested the Skill Development Department to facilitate the provision of details and materials regarding ongoing skill development initiatives in the state. This information can then be uploaded onto the

SLBC website and shared with banks to aid in the creation of necessary materials on skill development initiatives.

Action: Skill Development Department

13B. The house approved Bank of India's proposal to establish Rural Self Employment Training Institutes (RSETI) in Agar Malwa. The Additional Chief Secretary (ACS) of the Finance Department highlighted that the recently formed districts of Mauganj, Maihar, and Pandhurna, along with Bhopal district, lack RSETIs. He advised Reserve Bank of India and respective banks to submit proposals to the government. This would facilitate the allocation of land by the district administration for the establishment of RSETIs in these areas.

Action: RBI and concerned Lead Bank

14. TReDS- The effectiveness of the Trade Receivables Electronic Discounting System (TReDS), established to facilitate the discounting of trade receivables for Micro, Small, and Medium Enterprises (MSMEs), has been limited in achieving its intended goals. The General Manager (FIDD) RBI emphasized the necessity of integrating TReDS into government department financial processes and requested onboarding companies with a turnover of Rs 500 crore or more to enhance its effectiveness.

14A. The Secretary-MSME department informed that the department has entered into MoUs with three entities – RXIL, M1, and INVOICEMART – and approximately 2000 MSMEs have been onboarded so far. However, he raised an issue with the Finance Department that requires resolution. The Chief Secretary advised addressing the matter by discussing it with the Additional Chief Secretary (ACS) of Finance, and she directed the MSME Department to bring up the issue in the Sub-committee meeting on MSME, involving industry associations for comprehensive deliberation and resolution. The GM (FIDD) RBI informed the house that, in addition to MSME sellers, buyers, and financiers, insurance companies are now permitted to participate as the "fourth participant" in TReDS, aiming to absorb risk in the system.

Action: MSME Department

15. Central Sector Interest Subsidy (CSIS) Scheme-CSIS Scheme is implemented by the Department of Higher Education under the Ministry of Education in 2009, aims to provide interest subsidy during the moratorium period. This period encompasses the course duration plus one year, specifically for education loans acquired from Scheduled Banks under the Model Education Loan Scheme of the Indian Banks Association. The scheme primarily benefits students from economically weaker sections whose annual parental income does not exceed Rs. 4.5 lakh from all sources.

15A. Despite the scheme's noble objectives, it has been noted that progress has not reached the desired level due to a lack of awareness. In response, the Chief Secretary directed both the Higher Education Department and the Technical Education Department to actively promote the scheme at the grassroots level. Furthermore, banks were advised to disseminate information about the scheme to the targeted beneficiary group, ensuring that those eligible are aware of and can take advantage of the benefits provided by the Scheme.

Action: Higher Education Department and the Technical Education Department

16. Delayed data Submission by DCCBs & Apex Bank- The General Manager (FIDD) RBI raised a concern, noting that despite RBI's instructions and consistent follow-ups, District Central Cooperative Banks (DCCBs) and the Apex Bank have not yet onboarded to the Standardized Data Flow System. This system facilitates the uploading of quarterly MIS reports on the SLBC website. The absence of this integration has led to a delay in submitting SLBC data within the specified timeline outlined in the Lead Bank Scheme, causing disruptions in other processes.

The Chief Secretary directed Cooperative Department to look into the matter and ensure that onboarding to the digital MIS platform occurs promptly. This is crucial to streamline the reporting process and adhere to the established timelines in the Lead Bank Scheme.

Action: Cooperative Department, DCCBs & Apex Bank

The meeting ended with vote of thanks to the Chair.
