

# **MINUTES OF 168<sup>th</sup> MEETING OF STATE LEVEL BANKERS' COMMITTEE, MADHYA PRADESH HELD ON 30.05.2018 AT BHOPAL**

The 168<sup>th</sup> meeting of State Level Bankers' Committee, Madhya Pradesh was held on 30.05.2018 at Conference Hall, Central Bank of India, Zonal Office, Bhopal, under the **Chairmanship of Shri Shivraj Singh Chouhan, Hon'ble Chief Minister, Madhya Pradesh**. Shri Basant Pratap Singh, Chief Secretary, Govt. of Madhya Pradesh and Shri B. S. Shekhawat, Executive Director, Central Bank of India were also present along with other dignitaries.

Ms. Anjana Dube, Deputy Director General, Department of Financial Services (DFS), Government of India attended the meeting as member on behalf of DFS, Govt. of India. Senior officials from the State Government, Regional Director-RBI, Chief General Manager-NABARD, State level heads of 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, Convenor, 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 touched upon the latest scenario of the Indian economy and the schemes of the state government launched recently. He appreciated the efforts made by the Government machinery of the State Government for creating conducive environment for growth in agriculture and MSME sectors and briefly dwelled upon the agenda items of the meeting.

**Shri Shivraj Singh Chouhan**, Hon'ble Chief Minister addressed the house. He mentioned that banking goes beyond the savings and loans and now a day's banks are the center of most of the activities of a common man. He informed the importance of Banking in the growth of the state. He congratulated RBI and banks to ensure better cash management in the State. He highlighted on the following aspects:

### **Annual Credit Plan 2017-18- Achievement & CD Ratio**

He appreciated the efforts of all the banks in achieving 113 % of the annual credit plan target in the previous year 2017-18. He expressed happiness in achieving CD ratio of 74.95% in the state. At the same time he expressed concern about 7 districts registering less than 40% CD ratio. He suggested that the state government as well the banks should together draw an actionable and implementable plan to improve the CD ratio of these 7 districts.

**Action: State Government & Concerned Lead Banks**

## Swarojgar Sammelan

- i. He congratulated banks for providing full cooperation and support to the flagship schemes of the State Government viz. Mukhya Mantri Yuva Udyami Yojana, Mukhya Mantri Swarojgar Yojana and Mukhya Mantri Arthik Kalyan Yojana of the State Govt. and achieving 100% targets during last fiscal year.
- ii. He also mentioned that under various self-employment programmes or schemes of state government as well the central government, large number of persons are getting benefits. However the efforts done by the government and the banks on this score are not being recognized by majority of the unemployed and needy persons as well the critics. In order to sensitize populous in the state, he has emphasized on organizing “Swarozgar Sammelans” across the state on 4<sup>th</sup> August 2018. The Sammelans are being organized at block levels. He appealed to banks to bring large number of Mudra and other beneficiaries to such sammelan where they can share their success stories, and also get some takeaways for further improvement of their business activity.

**Action: State Government & All Banks**

- iii. He further mentioned that banks should identify the potential borrowers and complete due diligence exercise at the earliest so that cases can be disbursed on time.

**Action: All Banks**

- iv. He requested Micro Finance Institutions (MFIs) to participate in swarojgar sammelans.

**Action: All MFIs**

- v. He directed all concerned departments of the state government, who sponsor the loan proposals to work expeditiously in tandem with banks and to ensure submission of viable cases to bank branches in time.

**Action: All concerned dept. of State Govt.**

## Currency Management

- i. State government would be remitting about Rs. 25000 crore (approx.) into the accounts of farmers towards procurement of Rabi crops. He advised banks and Reserve Bank of India to make adequate cash arrangement in all the bank branches and ATMs so that the farmers can withdraw money hassle free from their accounts. RBI & SBI were also advised to ensure adequate supply/release of currency to Cooperative Banks to ensure payment through branches & PACS.
- ii. Principal Secretary, Cooperation expressed his concern that cooperative banks are not being given adequate cash for payments to the members. Regional Director, Reserve Bank of India informed that they can take as much cash as they required once in a week. Delivering cash at various locations for use by cooperative banks is not feasible for Reserve Bank of India. Principal Secretary, Finance & Commissioner, Institutional Finance informed that cooperative banks do not have currency chest, which may be considered by Cooperation Department. Honorable Chief Minister suggested to take proper steps by all concerned so that large number of farmers will not face any problem due to shortage of cash in Bank branches.

### **Action- Cooperative Banks, State Govt. & other Banks**

- iii. Convener, SLBC informed that banks in coordination with Directorate of Institutional Finance (DIF) and Reserve Bank of India are monitoring currency position on daily basis. As and when required and at feasible locations, diversion of funds is being undertaken to maintain equilibrium.

## Self Help Groups (SHGs)

Hon'ble Chief Minister cited a reference of poultry activity by one of the SHG in Hoshangabad and Betul district. He dwelled upon the need of women empowerment and to support them financially. He mentioned, SHGs play an important role in rural development and improvement in the income level of underprivileged people. Self-help groups of women have been more dedicated for wholesome development of business. The State Govt. has extended support to SHGs in the form of govt. guarantee and interest subsidy. The HCM expected the bankers to come forward and provide as much support to SHGs as they can in order to engage them in entrepreneurship or gainful employment as it has happened in Hoshangabad & Betul districts.

## **Business Correspondents (BCs)**

It was further mentioned that opening of brick and mortar bank branches are not viable at each unbanked location. Therefore, we should strengthen the BCs. He suggested to examine the modalities for doorstep pension payment to the very old age pensioners, physically challenged people, MGNREGA workers etc., so that the very objective of the state government to give social security pension etc. will be full-filled.

**Action- All concerned Banks**

**Hon'ble Chief Minister released the "State Credit Plan" for the year 2018-19.**

The following action points emerged out of the discussion of agenda items:

### **1. Adoption of Minutes**

The Minutes of 166<sup>th</sup>/167<sup>th</sup> meeting of SLBC held on 08<sup>th</sup> February 2018 were circulated to all concerned. Since no amendment/suggestion was received, the house confirmed and adopted the minutes.

### **2. Banking Developments in M.P. 2017-18**

- i. Progress noted by the house.
- ii. *Animal Husbandry*- Shri Ajit Kesari, Principal Secretary, Animal Husbandry requested to include animal husbandry in the next SLBC agenda for discussion because large number of applications are either turned down or not sanctioned on time by banks. Regional Director, Reserve Bank of India advised to give higher importance to the allied activities which will facilitate in increasing the income of farmers in the rural area. All banks were requested to provide data to SLBC on this score from June 2018 quarter.

**Action- SLBC & All Banks**

### **3. Performance under Annual Credit Plan 2017-18**

- i. The performance under ACP 2017-18 was reviewed.
- ii. Chief General Manager-NABARD informed that share of agriculture term loan in total agricultural credit is very low. Banks should focus for extending more term loans for projects. So that state can achieve minimum Norm of 32% for the country. He informed that NABARD has prepared 102 project reports amounting to Rupees 6000 crores (Approx.) which have been placed in SLBC portal. Banks should give them and make utilization for agricultural credit growth in the state.

**Action: All Banks**

- iii. He further informed that inconformity with the RBI new guidelines, the annual credit plan and the corporate credit plan of the bank should be synchronized and a confirmation to this aspect should be given by June 30, 2018 to the Convenor of Sub-Committee of SLBC on Agriculture. In reply Convenor-SLBC informed that the annual credit plan has been prepared based on the approved district credit plans, the potential linked plan of NABARD and ground level credit target of Government of India. It was clarified that Corporate Plan of Bank should be in sync with Annual Credit Plan of the State.

**Action: All Banks**

### **4. On-line charge registration on land by Banks**

In order to timely disbursal of loan proposals and curbing multiple finance/fraud, an on-line software is being developed by the state government, wherein bank branches can raise request for online charge registration on land financed by the banks without need of physical presence in the sub-registrar office. It was informed by the state government that pilot project would be started in four districts namely Indore, Jabalpur, Gwalior and Shivpuri in the month of June 2018. Banks would be required to pay charges on applicable rates.

**Action: State Government**

### **5. Rejection of government grant, welfare benefits etc. in inoperative accounts**

It was brought to notice by the state government about non-credit of scholarship, welfare benefits etc. extended by the government in some beneficiaries' accounts due to dormant/inoperative accounts. In this regard, RBI circular dated 17.09.2013 stipulates

that scholarship and other benefits should not be rejected in such accounts which receive the government benefits and banks should assign separate product code so that stipulation of inoperative/dormant accounts due to non-operation does not apply while crediting proceeds. All banks were requested to follow the RBI circular and ensure that no such account holders are denied the credit of benefits. Banks were further advised to approach their corporate office.

**Action: All Banks & the State Government**

#### **6. Special committee to monitor Business Correspondents**

Shri Ashok Shah, Principal Secretary, Social Justice informed that the state government is providing social security pensions to around 37.5 lakh beneficiaries through DBT. As suggested by Hon'ble Chief Minister to work out the modalities of door step pension payment to old age beneficiaries, Shri Shah propose to form a special committee of SLBC on business correspondents to implement door step pension payment by BCs at least one day in a month at Gram Panchayat and monitor their activities, comprising of the following:

Chairman- Principal Secretary, Social Justice & Disability Welfare, Govt. of M.P.

##### Members-

- a) Principal Secretary, Tribal Affairs
- b) Commissioner, Directorate of Institutional Finance
- c) Regional Director, Reserve Bank of India
- d) Convener, SLBC- Member Secretary
- e) Chief Post Master General
- f) Chief General Manager, State Bank of India
- g) General Manager, Union Bank of India
- h) General Manager, Bank of Baroda
- i) General Manager, Punjab National Bank
- j) General Manager, Allahabad Bank
- k) Zonal Manager, Bank of India

**Action: DIF, Govt. of M.P.**

## **7. Government Sponsored Schemes**

- i. Shri Vivek Aggarwal, Principal Secretary to Hon'ble Chief Minister and Urban Administration informed that there are large number of loan proposals under self-employment schemes pending with banks for consideration. He suggested to attend all the loan proposals on or before 20<sup>th</sup>June 2018. He further suggested that TFC (Task Force Committee) approval should not be again required for the cases which have been recommended to Bank branches during last year and pending with banks. All the members present in the meeting agreed for this. Shri Aggarwal also suggested to disburse, before 30<sup>th</sup>June 2018, all the self-employment schemes loan proposals sanctioned last year. These steps will facilitate in projecting good results for the proposed Swarajgar Sammelans to be held on 4<sup>th</sup>August 2018.

**Action: All Banks**

- ii. Shri Mrinal Pant, AVP-State Initiatives (Central region), Micro Finance Institutions (MFIs) was a special invitee to the SLBC meeting. He explained that all 20 MFIs together in the state have disbursed around Rs. 4700 crore under Shishu Scheme of MUDRA to more than 22 lakh beneficiaries through 966 branch network in Madhya Pradesh. The growth rate of Mudra loans given by MFIs range between 22 to 25% per annum. It is requested MFIs to participate in the Swarajgar Sammelan.

**Action: MFIs**

- iii. The banks requested the state government to provide assistance by the district administration for transportation of beneficiaries to the place of sammelan.

**Action: State Government**

### iv. **PMEGP**

- a) The achievement index during the year 2017-18 was 101%. The department informed that during current financial year, banks have already been sanctioned Rs. 39 crores. However, cases are pending for disbursement. It was requested by the department that banks should browse the portal on regular basis and entertain the loan proposals available in the portal.

**Action: All concerned Banks**

- b) Banks raised that uniform distribution of applications for loan under this scheme is not happening at the field level, which results in a saturation in some of the bank branches and they 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**

v. **NRLM**

- a) Shri L. M. Belwal, CEO-MPSRLM complemented all banks for achieving more than 100% target of financial year 2017-18 under NRLM. He said that there are many cases of previous year pending with bank branches, which have neither sanctioned nor returned. He suggested that these cases may be treated as new one for current fiscal. Banks requested the department to provide the list of such cases to respective banks.

**Action: All concerned Banks & MPSRLM**

- b) Shri Belwal mentioned that many bank branches do not use right product code, while opening account under NRLM. Banks were requested to sensitize their field functionaries for using the right product code. Due to this reason, actual amount of financing is not being shown on the GoI portal and such SHGs would be deprived from the interest subvention.

**Action: All Banks**

- c) Chief General Manager-NABARD informed that E-Shakti project for digitization of record of SHGs has been made functional in 9 districts of Madhya Pradesh. Banks can use them for assessing the performance of SHGs and also short list some of the well doing SHG for credit.

**Action: All Banks**

vi. **Mukhya Mantri Yuva Udyami Yojana, Mukhya Mantri Swarojgar Yojana, Mukhya Mantri Krishk Udyami Yojana & Mukhya Mantri Arthik Kalyan Yojana**

- a) Shri V.L.Kantharao, Principal Secretary-MSME mentioned that many bank branches are not processing the loan applications sponsored by DIC under Mukhya Mantri Yuva Udyami Yojana, Mukhya Mantri Swarojgar Yojana, Mukhya Mantri Arthik kalyan Yojana & Mukhya Mantri Krishk Udyami Yojana. Banks were requested to instruct their respective branches to process the loan applications of these schemes through MP On-line Portal.

**Action: All Banks**

- b) It was informed that only three private sector banks i.e. Axis Bank, ICICI Bank & Tamilnad Mercantile Bank have on boarded on MP On-line portal for processing the loan applications of DIC. Remaining private sector banks were requested to share the data with MP On-line to on-board the same at the earliest.

**Action: All concerned Banks**

- c) Convenor-SLBC mentioned that loan proposals under above three Mukhya Mantri self-employment schemes are being sponsored through different mode by their respective implementing agencies. He said all agencies may be on-boarded on MP-Online portal. This will not only bring uniformity in processing the loan proposals but also facilitate in better monitoring.

**Action: All concerned implementing agencies of the schemes**

- d) The House adopted the amended scheme released by the Government of Madhya Pradesh for the all 4 segments of self-employment schemes.

**Action: All concerned Banks**

vii. **Pradhan Mantri Awas Yojana (PMAY)-Urban**

- a) Shri Vivek Aggarwal, Principal Secretary-Urban Administration mentioned that banks should come forward to finance under this scheme. He said in case of default by beneficiary, ULB (Urban Local Bodies) shall cancel the allotment of existing beneficiary and allot the dwelling unit to new beneficiary within 45 days from the date of notice. In case this process is not done within 180 days from the date of notice, ULB shall pay 100% of loan amount to bank and recover the same from existing beneficiary.
- b) Apart from EWS houses, state has got approval of about 60,000 LIG/MIG/HIG houses in various cities. These houses can be funded through CLSS (Credit Linked Subsidy Scheme). Shri Aggarwal stated that LDMs should coordinate with HFCs (Housing Finance Companies) in districts for PMAY.

**Action: All concerned Banks & LDMs**

- c) It was flagged that some bank branches set off defaulted loan amount by PMAY beneficiaries. Official from state government stated that banks may choose to forgo their right and not set off such amount specifically meant for any other purposes. Banks informed that presently there is no any specific policy under which banks consider forgo their legal right to set off. The state government may take up this matter with Ministry of Finance.

viii. **Stand-up India**

Performance was reviewed, which was not encouraging. Convenor-SLBC informed that self-employment schemes of State Government have capital subsidy and interest subsidy. Whereas the stand-up India scheme does not have any incentive/ financial support. Further, credit absorption capacity in tribal areas is also low. Due to above reasons the applicants prefer Madhya Pradesh government schemes and many times they wait for the next financial year if the subsidy is exhausted. Shri Manoj Govil, Principal Secretary, Finance & Commissioner, Institutional Finance suggested to the forum to inform these facts to the Central Government.

8. **Opening of “Banking Outlets” in villages having population more than 5000 and above**

During the discussion on the above Agenda, Regional Director, RBI, had advised Central Bank of India (CBI) to open four outlets in identified villages of Bhind district (Manhad, Goara, Rahawali ubari, Jawasa) as these were allotted to CBI .CBI had earlier informed that they would not be able to open these outlets as the bank has been placed under Prompt Corrective Action (PCA). RBI, Central Office has now clarified that there is no restriction on banks placed under PCA to open banking outlets in rural centers other than through brick and mortar branches for fulfilling of financial inclusion obligations. The other Lead banks like SBI and Bank of India has already fulfilled their mandate and opened banking outlets in villages allotted to them.

**Action: Central Bank of India**

9. **Revamped Lead Bank Scheme**

- a) In view of new guidelines of Reserve Bank of India on Lead bank Scheme, the house opined that apart from SLBC data collected through web portal, Convener bank of the sub-committees should collate information/data from various other sources and prepare comprehensive agenda note with data for fruitful discussions. They were also advised to release the minutes of the sub-committee meeting(s) within 7 days after the meeting.

**Action: Convener Bank of SLBC Sub-committees**

- b) RBI suggested that a Steering-committee may be constituted to deliberate on agenda proposals received from different stakeholders and finalize a compact agenda in consultation with DIF and RBI for the SLBC meetings for fruitful discussions in accordance with the latest revamped lead bank scheme.

**Action: SLBC**

**10. Financial Inclusion**

- i. Progress noted.
- ii. Ms. Dipali Rastogi, Commissioner-Tribal Affairs informed that the department has undertaken an exercise to link bank accounts of tribal beneficiaries with Aadhaar number. During pilot programme in district, it has been observed that Aadhaar enrolment work and also e-KYC facility have not been installed in many bank branches. Banks mentioned that it is mandatory for their employee(s) to login into CBS system with biometric device. Therefore, biometric devices is available in bank branches. However, banks were requested to look into it and ensure availability of bio-metric device in all their respective branches so that e-KYC operation can be done smoothly.

**Action: All concerned Banks**

- iii. Shri Manoj Govil, Principal Secretary, Finance & Commissioner, Institutional Finance stated the need to cover all Panchayats in the state through business correspondents so that various scholarships to the students, old age pensions, wages to MGNREGA workers etc. can be delivered conveniently. Citing reference of incentive given by Haryana government to BCs for DBT payment, he mentioned that state government may also come with such scheme to incentivize the BCs and make them viable. This aspect may be deliberated in the Sub-Committee and its recommendations may be submitted to the State Government for consideration.

**Action: All concerned Banks& the State Government**

- iv. Banks were requested to open separate account of children if it is linked with the parents for transferring DBT. Regional Director, RBI requested to the state government to share data with respective banks.

**Action: All concerned Banks& the State Government**

- v. Financial Literacy Week- the General Manager (FIDD), Reserve Bank of India informed that RBI is organizing financial literacy week during June 4-8, 2018. Banks were requested to participate wholeheartedly in this programme and make success.

**Action: All Banks**

### **11. Non-performing Assets**

The house expressed concern on increasing trends of NPA under government sponsored schemes. Citing reference of increasing delinquencies under Chief Minister Rural Housing Mission (CMRHM) scheme, which was 13.97% of the portfolio as on March 31, 2018 and it is increasing day by day, Convener-SLBC mentioned that banks are finding ways to address the issue through compromise scheme of respective banks. But, they are unable to do this because there is no such provision in the MoU signed with the state government. Additional Chief Secretary, Panchayat and Rural Development assured banks to look into the matter and come out with a solution.

**Action: Panchayat & Rural Development Deptt. & concerned Banks**

The meeting was ended with a vote of thanks to the Chair by Shri Yogendra Singh, General Manager, Union Bank of India.

**(Minutes approved by the Chief Secretary, Govt. of MP)**

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