

## **Minutes of the 108<sup>th</sup> SLBC Rajasthan meeting held on 16<sup>th</sup> March, 2011**

The meeting was Chaired by Shri B.P.Kanungo, Regional Director, Reserve Bank of India, Jaipur and attended by Director (Department of Financial Services, MoF, GoI), Principal Secretaries of the State, other Senior State Government officials, officials and executives from NABARD, Agriculture Insurance Company, Banks and financial institutions. The list of participants is annexed.

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**Shri B.B. Garg, General Manager & Convenor SLBC** welcomed Shri B.P.Kanungo, Regional Director RBI and requested him to preside over the meeting. He welcomed Dr. A. Bhattacharya, Director, DFS, Ministry of Finance, GoI, dignitaries on the Dias, and all the participants to the 108<sup>th</sup> SLBC meeting.

In his opening remarks he said that - The MoF and RBI are regularly monitoring the progress under financial inclusion. As per latest data received from Banks, in 865 villages with population over 2000 financial inclusion activities have either been covered or initiated by the banks so far, and simultaneously in 2117 villages having population less than 2000 the facilities have been extended. I am confident that the banks in the state will cover all the identified villages allotted to them well before March 2012 deadline.

RSETIs have now been established in all the 33 districts of the State, and the task has been accomplished a year in advance from the deadline of Mar-2012. Further, 15 Financial Literacy and Credit Counseling Centers have since been set up in 15 districts of the State so far and more FLCCs are in the pipe line. He requested all Banks to maintain the past trend of achieving targets in all sectors.

With these words he requested Chairman of the meeting Shri B.P.Kanungo to deliver the key note address.

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### **Key note address by the Chairman of the meeting Shri B.P.Kanungo, RD, RBI**

As we know at macro level the credit off take has been robust, however, the deposit growth has not kept pace. This has led to tight liquidity conditions, however, in near future the liquidity position will be comfortable. Hon'ble Finance Minister in the budget proposals for 2011-12 has laid special emphasis on Agriculture and raised the agriculture credit flow to Rs.4, 75,000 crs. The Banks will have to play a more proactive role and act as the catalyst in the process.

The total business of banks in the State has crossed the level of Rs.248000 crores as on Dec-2010 and CD ratio has increased to 95.74%. In -5- districts CD ratio is less than 50% and in -2- RRBs less than 60%. The C:D ratio is being regularly monitored and DCCs of these districts have been asked to plan strategies and closely monitor and ensure that the ratio goes up. Under ACP achievement is 79% up to December, 2010 and I am confident that by Mar-2011 the targets will be surpassed.

R-SETIs have now been established in all the 33 districts of the State and for that congratulation to the banking fraternity and the State Government for working in close coordination. Land allotment in 12 districts is pending. I will request the State Government to look into it. In 15 Districts FLCCs have been opened. Please target for atleast one FLCC in every District HQ under the leadership of lead bank by Mar-2011.

Under Financial Inclusion the sub-committee is closely monitoring the progress. The target of 3911 villages has been revised to 3883 now after verification / reallocation exercise. The roll out is gathering momentum, 865 Banking outlets have been opened through BC Model. However, upto Feb-11 60% of the self set targets have been achieved. We should aim at exceeding the targets by Jun-2011. The concern of the State Government for NREGA payments through BC model should be taken into account. I would request the banks that the roll out plan be brought to a closure by Sep-2011.

I will request the State Government for including chapters on Financial Inclusion in the school curriculum, for which the requisite study material has already been provided.

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**The message received for the meeting from the Hon'ble Union Minister of State for finance Shri Namo Narain Meena was read out by Mr. M.L Jain, DGM, Bank of Baroda. The gist of message is given hereunder:**

I was looking forward to addressing the State Level Bankers Committee Meeting Rajasthan as I am keenly interested in the development and well being of my State. However, due to a commitment in Parliament, I am unable to be with you here today.

The Credit Deposit Ratio is more than 90%, which is excellent progress. However, in five districts the CD Ratio is still below the bench mark. Further, the CD Ratio of some Banks also remains below the benchmark set by RBI. I would also like to encourage the main private sector Banks to further improve their CD Ratio in the state.

Lending to the agriculture sector and small enterprise under the Annual Credit Plan is moving on target. There is, however, an inter-regional, inter-bank disparity in this achievement and I would request the Banks to ensure that the district level targets for lending are also achieved by all the Banks. Lending to other priority sectors however requires some attention and I do hope that the Banks will work together with the Government Departments to ensure that this target is achieved. Lending to the minority communities is far below the target set by the Government of India. I would urge the Banks to reach credit for productive activities to these communities also.

'Swabhimaan' – the Financial Inclusion Campaign has been launched recently at the national level. The Banks have been directed to ensure that sufficient Business Correspondents are enrolled and trained to ensure the timely achievement of the Financial Inclusion targets. I am sure that the Banks are making earnest efforts to

cover all these villages timely. I would urge the State Government to coordinate with the Banks to ensure that all Government subsidies are channelised directly through the Banking channel so as to make this facility attractive for the villagers and viable for the Banks.

I am happy to learn that SLBC Rajasthan is implementing the RBI's **model scheme for financial literacy and credit counseling centres**. Finance literacy is an important pre-requisite for the success of the Financial Inclusion Campaign. It is extremely important for the rural poor to understand the financial products that are being provided to them.

The Kisan Credit Card Scheme benefits the farmers directly, if implemented efficiently and timely. I would request the State Government to put in place a mechanism that facilitates the timely renewal of Kisan Credit Cards as the farmers require the land ownership record from the Land Revenue authorities prior to renewal. I would request the Bankers to work in a campaign mode to ensure that all eligible farmers are covered under the KCC Scheme at the earliest. The Finance Minister has directed all Banks to ensure that the Kisan Credit Cards grow 20% in number and the credit issued by these cards grows by 20% in amount during 2010-11. I am sure that the Bankers are making concerted efforts to achieve this target.

I would request the banks to work in coordination with the Govt Deptts to ensure that all applications sponsored by Government Departments under various Government schemes are disposed off timely on merits in order to ensure zero pendency on 31.3.2011.

I would request the Bankers to ensure that the credit targets set for the micro, small and medium enterprises are met. I am sure that the Bankers will make full use of the guarantee facility provided for such loans under the CGTMSE. I would take this opportunity to also advise the Bankers to treat all students that approach Banks for education loans with due courtesy and that these student loan applications are disposed off in a time bound manner by Banks. By doing this, the Banks shall be helping in creating and adding to the human wealth of this nation. I am confident that the Banks are also paying adequate attention to providing Core Banking Solutions for the Regional Rural Banks in Rajasthan.

I compliment all the members of the SLBC Rajasthan for the progress made so far and I hope that with their continuous efforts and commitment the Banking sector in Rajasthan shall emerge as a role model for the rest of India.

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**Dr. A. Bhattacharya, Director, DFS, MoF, GoI** said that Financial Inclusion is not a target but is important economically to finance growth and at the same time bringing the people in far flung areas and rural poor, who save their money in pots and pans. These are the people who need loans. Therefore, financial inclusion is economically viable target in the long run. Not only the target to be achieved but it has to be made functional in the long run through frequent interaction with the people be brought into the formal financial service sector. Rajasthan is an emerging State due to the

pioneering efforts of the State Government to architect the unique schemes all over India. Once we can bring the people at par with the people being benefitted with the financial system, perhaps this will be greatest achievement that can be contributed to India's development. There are teething problems in appointment of BC for which the matter should be taken up with the policy makers.

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**Mr. A.K.Panda, General Manager, NABARD** informed that in the State credit plan, NABARD has projected agriculture credit target of Rs. 29723 Crs for FY 2011-12 which is about 58% above the last year targets. He appreciated that the Banks have already achieved 82% of the ACP targets as on Dec-10, and by the close of year the target set for the year will be achieved. Under Interest subvention scheme the prompt repaying farmers will be getting 3% subvention from next FY and spreading awareness among the farmers will help encourage them for timely repayment of the bank loan. He requested the banks with lead bank responsibility to ensure that the annual plan is launched as per stipulation of RBI. Under Financial inclusion, NABARD has started providing funds from FITF funds to weak RRBs in the State. BRGB Ajmer has been sanctioned Rs.20 crs for rolling out of CBS and Rs 15 cr. has been disbursed. Similarly MAGB Udaipur has also submitted a proposal of Rs. 20 Cr. and necessary assistance will be given to them.

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**Shri D.B.Gupta, Principal Secretary (Plan)** said that under financial inclusion 3883 villages are to be covered by Mar-2012, out of which in 865 villages have either been covered or action has been initiated. He requested to work in right earnest to achieve the target to fulfill the objective of financial inclusion. Under UID vendors will be appointed in from March-2011. In first phase -7- districts, one each from each division will be taken up. After a gap of 2/3 months rest of the districts will be taken up in phase-II. Banks are to be fully involved in this project. The actual bio-metric camps will be organized in the month of May.

He shared the developments taken place like setting up of a new Minorities department, announcement of Rajasthan Rural Livelihood Mission (RRLM) and launch of MPOWER for mitigation of poverty in the -6- districts of western Rajasthan. The project would be implemented through World Bank assistance and credit linkage by Banks. In the matter of land allotment for RSETIs he requested that the LDMs should identify the land and details be given to us to enable taking up the matter for resolution. The issue of chapter on financial inclusion will be taken up for including in the curriculum from next academic session.

He shared the concern on the issue of forced life insurance of farmers through Bajaj Allianz in Jaipur Thar Gramin Bank and advised that the necessary steps should be urgently initiated by the RRBs to ensure that the forced insurance is not given to the farmers in any case and is not repeated.

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## **Agenda No. 1: Confirmation of Minutes of 107<sup>th</sup> SLBC Meeting & Action Taken Report**

### **1.1 Confirmation of Minutes**

Minutes of 107<sup>th</sup> Meeting of State Level Bankers' Committee (SLBC) Rajasthan held on 29<sup>th</sup> December, 2010 were circulated vide letter dated 10.01.2011 to all the members. No amendments / comments have been received from the members. House was requested to confirm the minutes. The minutes of the meeting were confirmed.

### **1.2 Action Taken Report**

#### **1. Allotment of land to remaining 16 R-SETIs by the State Government:**

It was informed that land has since been allotted for 4 R-SETIs in Dausa, Pali, Baran and Jalore Districts. Principal Secretary (Plan) has vide letter dated 19.01.2011 taken up the issue with Revenue Department. Land allotment is now pending in 12 districts.

#### **2. DCC Convener Banks to open FLCCs in their lead districts by March-11. Other major banks operating in the State are also to open FLCCs at the centre of their choice.**

-15- FLCCs have been established in the State. DCC convener banks have been requested to open FLCC in their lead district by March-2011. Other major banks have also been requested for opening FLCC.

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## **Agenda No. 2: Social Banking Parameters and Annual Credit Plan**

**Key Business Parameter:** It was informed that 156 new branches have been added during current FY upto Dec-2010, of which 116 branches have been opened in under-banked districts. The total branch net works now is 4811. The rural and semi-urban branches constitute 72% of the total branch net work.

**Performance highlights as on Dec-2010:** House was informed that the C: D ratio (all Banks) as on Dec-2010 is 95.74 %. The total banking business in the State is now Rs.248201, of which deposits are Rs.132171 Crores and advances Rs. 116030 Crores.

**Priority Sector:** The priority sector advances and its sub-sectors are all above benchmark. As a ratio to total advances the PS advances are 48.45%, agriculture advances 26.22%, advances to weaker sections 13.88%. As at Dec-2010 the outstanding PS advances are Rs.56220 Crores, agriculture advances Rs.30421 Crores, advances to weaker sections Rs.16099 Crores. Advances to minor community are 5.95 % and is below the mandated level of 15% of total Priority Sector. However, during current year advances to minor community has registered a growth of 22 %, over March, 2010. All the Banks were advised to pay attention for increasing advances to minority community and also for correct classification. It was informed that credit to minority

community has been taken as a standing agenda item, and has been put up for discussion separately in today's meeting.

**Credit-Deposit Ratio:** The C:D Ratio of Jaipur Thar Gramin Bank is 55.30 % and Marwar Anchalik Gramin Bank (MAGB) has not provided data for Dec-2010 so data of Sep-2010 has been repeated for the Bank having C:D ratio 31.81%. These Banks were advised to make suitable strategies for improving the CD ratio to atleast the bench mark level prescribed by RBI.

In -4- districts the C:D ratio is above 100%. In 21 districts C:D ratio is between 60% - 100% and in -5- districts it is below 50%. In the districts where CD ratio is below 60%, the Lead District Managers were requested to monitor the same through DCC, and draw suitable strategies for improvement the CD ratio on quarter to quarter basis.

In districts where CD ratio is below 50% a Bank-wise analysis was made and it was observed that within these districts there are wide variances amongst Banks. In view of the fact that some Banks are having a very good CD ratio in these districts indicates that the district has the credit absorption capacity. Accordingly the Banks with lower CD ratio were requested for initiating measures to increase their credit dispensation so as to improve their CD ratio in the district/s, to which assurance for initiating appropriate measures was given by these Banks. The comparative position is as under:

<b>C:D Ratio of Major Bank in districts where C:D ratio is below 50%</b>									
No.	Districts	BOB	SBI	SBBJ	PNB	CBI	ICICI	RRB	
1	Rajsamand	66	62	39	39	30	21	27	
2	Sirohi	31	32	31	18	18	12	55	
3	Udaipur	87	116	51	35	42	25	33	
4	Dungarpur	41	39	25	14	-	29	56	
5	Jhunjhunu	34	40	29	52	36	20	78	

**Performance under Annual Credit Plan 2010-11:** The achievement as at Dec-2010 under ACP is 79% of the annual targets. The disbursement to priority sector is Rs.23419 crores against annual target of Rs.29652 crore. Sectoral achievements under ACP are Agriculture (82%), MSE (106%), and Other Priority Sector (55%).

District-wise performance under Annual Credit Plan shows significant variations. The achievement in -4- districts is above 100%, -15- Districts between 75%-100%, and -11- districts between 60%-75%. In three districts achievement is below 60%. On an analysis of the performance of major banks in districts where achievement is below 60%, it was observed that on account of under performance of few banks the overall achievement of the district has been affected.

**Percentage of ACP Achievement of Major Bank in districts where performance is <60 %:**

No	Districts	BOB	SBI	SBBJ	PNB	CBI	OBC	UCO	RRB	CCB
1	<b>Bharatpur (56%)</b>	<b>59</b>	<b>78</b>	<b>23</b>	<b>99</b>	<b>94</b>	<b>155</b>	<b>18</b>	<b>72</b>	<b>48</b>
2	<b>Dholpur (42%)</b>	<b>42</b>	<b>31</b>	<b>28</b>	<b>34</b>	<b>21</b>	-	-	<b>44</b>	<b>61</b>
3	<b>Tonk (59%)</b>	<b>88</b>	<b>56</b>	<b>69</b>	<b>66</b>	<b>107</b>	-	<b>25</b>	<b>61</b>	<b>33</b>

**Regional Director RBI** observed that some of the banks in these districts have not performed upto the mark. In the 5 districts where C:D ratio is below bench mark, we have chalked out a plan and from the level of DCC it is being closely monitored. However, as some banks has a very healthy CD ratio the district has credit absorption capacity, and there is scope of doing more. He advised that the Banks who have not done enough should bring it up to atleast 60%. The concerned Banks agreed to initiate immediate measures to improve performance of their Bank.

**Agenda No. 3: Financial Inclusion, Under banked/ Unbanked –District/ Block, Adoption of Electronic Benefit Transfer, FLCC & Debt swap**

House was informed that the progress of implementation of Financial Inclusion Plan (FIP) is being regularly monitored by the sub-committee of SLBC & DCC on FIP. The meeting of sub-committee of SLBC was held on 10.03.2011 to review the implementation.

It was informed that as decided in the core group meeting on 01.12.2010 the confirmation of completion of verification and reallocation exercise is received from all LDMs. As per information submitted by the DCCs -15- additional unbanked villages have been identified and in 43 villages bank branches already exist. After accounting for the same the number of villages (population above 2000) to be provided banking services by Mar-2012 comes to 3883, against 3911 advised originally.

As per data submitted by the banks in -865- villages have either been covered or the roll out has commenced, this is against the self set target of covering 1165 villages by Feb-2011. Simultaneously 2117 smaller villages with population below 2000 have also been covered. The roll out of FIP has commenced in 32 districts. Banks were advised to ensure coverage of villages as per roll out plan submitted by them. Banks were advised to take care of covering of smaller unbanked villages (<2000 population) along with identified villages. DCC Convener banks and LDMs were requested to conduct monthly meeting to review the progress of roll out plan. Banks who have been allotted additional villages by DCCs were requested to submit the roll out plan for these villages.

**Regional Director RBI** suggested that wherever the banks have been given a target of opening of 3-4 outlets in Rajasthan and if it is not feasible, they may consider to swap the villages with other banks mutually. The decision is to be taken at DCCs level and then SLBC may consolidate the position. The due diligence should be done in case of appointment of BCs, as huge reputational risk is involved for Banks.

**Principal Secretary (RD&PR), GoR** said that improvement has taken place over the past few months under FIP. However, the achievement is 65% against the self set target. Therefore, the implementation needs to be expedited. In some cases brick & mortar branches are not on CBS platform, whereas under FI the transactions will be on electronic platform, which may create an anomalous situation, and therefore needs to be synchronized to facilitate smooth transfer of government funds. It was informed that all the major commercial Banks are already on CBS platform, three RRBs are now on CBS platform and rest of the RRBs will come on CBS platform by Sept-2011.

He appreciated coverage of smaller villages and said we need to cover these villages also, in view of providing financial services at farthest place and also making the BC model viable. He said though the review is being done for coverage of villages with population above 2000, but the villages with less than 2000 population may also be monitored to have an idea of the coverage beyond the identified villages.

**Regional Director RBI** said that though the performance is 65%, but it has to be considered that there are -4- banks which have exceeded self set targets and 3-4 banks are near to 100% achievement. These banks are the major implementing banks. The area of concern is Nil achievement by RRBs. All the implementing banks have assured to surpass the targets by June 2011 and the roll out plan will be completed by Sept-2011. In case the RRBs their performance is to be monitored by the sponsoring banks. Alternately the sponsoring bank will have to take the quota of RRBs.

**Director, DFS, MoF**, shared that the department has a monitoring committee at the level of Additional Secretary, MoF. Along with RBI, we are trying to push the CBS platform as fast as possible at the same time with the RRBs. However, the vendors are limited. We have instructed the banks that if the data cannot be put on CBS mode simultaneously, the same can be done at the day end in the server, and some banks are doing that. When the CBS is rolled out the data will be integrated / uploaded on the server.

### **3.1 Financial Literacy and Credit Counseling Centre (FLCC):**

It was informed that 15 FLCCs have been opened in the State. The DCC Convener Banks were requested to set up FLCCs in their lead districts to begin with, and the progress in this regard be advised to SLBC. Other major banks operating in the State were also requested to open FLCCs at the centres of their choice. Convener requested all the DCC Convenor banks to take up the issue as quickly as possible.

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## **Agenda No. 4: Agriculture Credit Flow- Kisan Credit Card (KCC), & Crop Insurance**

### **4.1 Agriculture Credit flow- Kisan Credit Card:**

As at Dec-2010 under agriculture, the credit disbursement has been to the tune of Rs.30422 Crore, out of which more than 50% is disbursed for short term crop loan under KCC. NABARD vide letter dated 09.02.2011 informed SLBC regarding progress of issuance of KCC by RRBs & Co-operative Banks. As of Nov-2010, KCCs issued by District Central Cooperative Banks since inception are 33.29 lacs (24.17 lacs KCC A/cs are operative) with 3.63 lacs KCCs issued during the current year. RRBs have since inception issued 6 lac KCCs (operative 3.46 lac), with 67675 KCCs issued during the current FY. As per the information available at SLBC, as on Dec-2010 KCCs issued by all Banks since inception are 57.55 lacs, of which about 18.26 lacs KCCs have been issued by Commercial Banks. During the Current FY 2.87 lacs KCCs have been issued by the Commercial Banks.

### **4.1 Potential Linked Plan for the State:**

As per PLP drawn by NABARD for the FY.2011-12, the credit flow has been envisaged as under:

S.No.	Sector	PLP Projections (Rs. in Cr.)
1	Crop loan	24563
2	Term Loan	5160
3	<b>Total Agriculture credit(1+2)</b>	<b>29723</b>
4	Total Non Farm Sector Credit	3688
5	Other Priority Sector	7412
6	<b>Total Priority sector (3+4+5)</b>	<b>40823</b>

### **NPA classification norms for Agriculture Advances:**

As per RBI guidelines, the SLBC has to determine crop season for each crop so as to decide the NPA norms to be followed in the State for asset classification under Agriculture Advance. Based on the sowing , harvesting period prevailing in the State & looking to the crop pattern, Agro Climatic condition, **the Crop season for Kharif & Rabi season was proposed as under, which was unanimously approved by the house:**

**Kharif Crop- April – Dec, Due date of repayment may be fixed 31<sup>st</sup> March,**

**Rabi Crop- Oct – April, Due date of repayment may be fixed 30<sup>th</sup> June**

#### **4.2 Revised Central Sector Scheme “ Establishment of Agri-Clinic and Agri-Business Centers (ACABC)”:**

It was informed that the State Government, Krishi Vigyan Kendras, Banks and Panchayati Raj Institutions shall be henceforth actively involved in implementation of the scheme. The Subsidy pattern has been revised from “capital and interest subsidy” to “Composite Subsidy” which will be back ended in nature.

#### **4.3 Crop Insurance:**

It was discussed that WBCIS is being implemented in the State of Rajasthan by Agriculture Insurance Comp. (18 Distt), ICICI Lombard (9 distt), IFFCO-TOKYO (5 Distt) and HDFC Argo (one Distt.). All major crops of Rabi seasons have been covered under crop insurance, which is mandatory for the loanee farmers. The Agriculture Directorate, GoR informed that from 21.12.2010 onwards Service tax payable on premium of agriculture insurance has been exempted. Banks were requested to submit the premium to the implementing agriculture insurance companies as given in the amended notification.

The Chairman, Agriculture Insurance Company sharing his views said we are covering 2.7 crore farmers in the country. During Kharif-2010 and Rabi 2010-11, the company has covered about 46 lac farmers in Rajasthan against 37 lac farmers last year. Crop insurance is compulsory for the loanee farmers for the notified crop in notified area, and banks must ensure coverage. National Agriculture Insurance Scheme and Modified National Agriculture Insurance Scheme (MNAIS) are productivity linked insurance with area approach. All the claims are disposed through banks and thus there is no leakage in between. During last 3-4 years Weather Based Crop Insurance Scheme has been introduced, which is scientifically designed, as agriculture in the country is dependent on weather conditions, major factors affecting crop yield being rain fall, temperature or relative humidity and wind speed. A relationship is established between these factors and crop yield and their impacts. The GoI is subsidizing the crop insurance to a great extent and the farmer is required to pay a very small part of the premium. Rest of the premium comes from State Govt. and Central Govt in ratio of 50:50.

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### **Agenda No. 5: Government Sponsored Programmes / Credit Flow to Minority Community / DRI / IAY / ACC / SCC**

#### **5.1 Government Sponsored Schemes::**

##### **5.1.1 Swarnjayanti Gram Swarojagar Yojana (SGSY):**

The house was informed that the Core group meeting was held on 15.02.2011, wherein it was informed that the numbers of sponsored applications of eligible beneficiaries to the major banks are not sufficient against the challenging targets.

Looking to the large no. of applications of individual Swarojgaries during the campaign “Prashasan Gaon ke Sang”, it has been allowed by Nodal deptt. to benefit the individual Swarojgaries against the SHG targets. It was requested that periodical meetings at Block & District level to be attended invariably by the representatives of Banks & Nodal Department for effective review and monitoring of the scheme.

The achievement as on Jan 2011 is 90%, disbursements of Rs. 142.65 Cr. have been made against the target of Rs.158.18 Cr. Loans have been sanctioned for 6424 applications and in 4608 cases disbursement has been made. Banks were requested to ensure that disposal of all applications is achieved by 31<sup>st</sup> March, 2011 and disbursement is made in all sanctioned cases where subsidy has been received from the nodal agency.

### **5.1.2 Swarn Jayanti Shahari Rojgar Yojana :**

It was informed that the Core group meeting was held on 15.02.2011 to review the progress. As on Dec-2010, 6787 cases have been sanctioned against the target of 6000 cases indicating achievement of 113%. The nodal agency was informed that the disbursement is pending due to delay in release of subsidy. The representative of nodal agency informed that further progress has been achieved and as on Jan-2011 a total of 7237 applications have been sanctioned. It was also informed that the subsidy has now been released and sent. Convener requested the Controlling heads of banks and the LDMs present to pace up the process of disbursement, as funds have been provided by the nodal agency so as to achieve the 100% targets in term of disbursements.

### **5.1.3 PMEGP -Prime Minister's Employment Generation Programme:**

The Core group meeting was held on 15.02.2011 to review the progress under the scheme. It was informed that 2583 projects have been sanctioned up to Dec-10, against the target of 2719. Projects involving margin money amounting Rs. 43.82 Cr. have been sanctioned up to Dec-10, against target of Rs. 38.18 Crs. Actual utilization of margin money up to Dec-10 is Rs. 34.05 Cr. i.e. 89% of the target. Banks were requested to ensure to claim margin money in all disbursed cases and to settle the claim within 15 days of disbursement so as to reflect actual progress under the scheme. Further Banks were requested for disposal of all cases and disbursement in all sanctioned cases by 31.03.2011. Nodal department was requested to provide the required margin money funds to the nodal accounts of the banks.

Nodal agency was requested to submit the consolidated monthly progress for all agencies i.e. KVIC, KVIB and DIC, District-wise / Bank-wise duly authenticated by LDM & Nodal Officers of the District for effective monitoring of the scheme. Nodal department was also requested to nominate the beneficiaries for EDP training to R-SETI. It was discussed that Initiative is to be taken by nodal agency to ensure monthly meeting of DLTFC for early recommendation of the projects.

**Principal Secretary (SSI &KVIB)** observed that Banks have sanctioned 2956 applications but disbursements have been made in 1776 cases and requested all the

banks to ensure 100% disbursement before the end of financial year. He informed that all the agencies KVIC, DIC and KVIB have ample funds and further Rs.6 crs are expected to be received shortly.

The representative of KVIC informed that the funds held in the accounts with 12 nodal branches will be appropriated / moved as per demand / requirement, in a week's time. The performance of the Banks is good. Representative KVIB also suggested that they will be requesting redeployment of surplus funds from districts where targets have been achieved to the deficit districts.

#### **5.1.4 Artisan Credit Card (ACC):**

The Core group meeting was held on 15.02.2011 to review the progress. The minutes of which have already been circulated to the members. In view of the large pendency and slow progress in Jodhpur (UCO), Barmer (SBBJ), Jaipur (UCO) a special Meeting was convened on 4.03.2011 wherein LDMs and GM, DIC of respective districts, representative of the Industries Deptt GoR participated. GM, DIC and LDMs reconciled the status of the applications and assured to achieve nil pendency and also the target of the district.

**The house was** informed that as of Feb-2011 against the target of 8000 cases 5666 ACC have been issued achieving 71% of the targets. The Progress of major bank was discussed which is as under::

<b>Bank</b>	<b>Target</b>	<b>Sanction up to Feb-11</b>	<b>% achievement</b>
BOB	1053	1135	108
SBBJ	1961	2041	104
UCO	559	468	84
SBI	675	368	54
CBI	306	138	45
PNB	768	293	38
ICICI (e-BoR)	546	106	19
RRBs	1489	707	47
Coop. Bank	358	128	36

Controlling heads of Banks were requested to ensure disposal of applications within the stipulated time and return of all rejected applications to GM, DIC. Banks so far with low performance were requested to ensure to achieve the targets by adopting camp approach. Banks who are member of CGTMSE were requested to ensure to cover all eligible Artisans under the scheme and popularize the CGTMSE scheme. Banks were requested to organize camps particularly in Districts/ Blocks where cluster development activity initiatives have been undertaken by the State Industries

Department. It was requested to lodge 50% interest subsidy claim for the accounts disbursed & outstanding, as per the detailed guidelines circulated by SLBC vide letter dated 06.01.2010. SBI, CBI, PNB, ICICI, RRBs and cooperative banks were requested to speed up the disposal of cases so as to achieve the target under ACC by 31.03.2011.

Convener expressed that the monthly progress data is countersigned by the LDM and GM DIC so that the reconciliation does not remain an issue. Still if there is some problem the same may be resolved at the local level by the DIC and LDM. He said that cases may be disposed off on merits but the application should not remain unresponded after the stipulated period of time for disposal so as to achieve Nil pendency.

#### **5.1.5 Special Central Assistance Scheme for SC/ST:**

The Core group meeting was held on 15.02.2011. As on Dec-2010, 15747 applications have been sanctioned, against the target of 30620 applications. The Controlling heads of Banks were requested to ensure disposal of application and achieving Nil pendency by 31.03.2011. Banks were also requested to ensure 100% disbursement in all the sanctioned cases and the progress be reported separately for SC & ST. It was informed to ensure that 5% disabled beneficiaries and 15% women beneficiaries get credit assistance under the scheme. LDMs were advised to ensure to submit the monthly progress report under joint signature of LDM and nodal officer to SLBC.

The representative of the Nodal Department requested that all the pending applications should be sanctioned on merits and if some applications are not worthy of sanction the same should be rejected and sent back to the nodal department. However, all the applications should be disposed off by 31.03.2011 so as to achieve Nil pendency. He also conveyed his concern for pending Utilization Certificates and requested banks for submission of the same. He said that applications of previous years i.e. before 1.04.2010 will be considered as rejected henceforth and now onwards progress will be monitored on the number of applications sponsored in current FY.

#### **5.2.1 Self Help Groups (SHGs):**

The house was informed that as on Dec-2010, 244951 SB accounts have been opened of SHGs out of which 210377 accounts are of women SHGs. A total 164641 accounts of SHGs have been credit linked out of which 144633 are of women SHGs given a credit dose of Rs.749 crs.

The Women and Child Development Department, GOR is implementing the 50% Interest Subsidy Scheme for SHGs- Bank Linkage, as announced in State Budget. The scheme stands circulated to the members. The scheme has been proposed to be continued for the next FY as per budget proposal of the State Government. Secretariat branch of SBBJ is designated as Nodal branch for the Scheme. All the implementing banks have nominated a Nodal Branch of their Bank which will forward the branch wise claim to Nodal Bank (SBBJ).

It was reiterated that the loan may be approved to SHGs after 6 month of formation of SHGs & not from date of opening of account.

**The Principal Secretary (WCD)** said that credit linkage is less than the saving accounts opened for the SHGs in the banks, which needs to be scaled up. He informed that the government is implementing interest subsidy scheme for women SHG under which 50% interest subsidy is being provided with target to benefit 30000 groups. The scheme is applicable from 01.07.2010. He requested all the Banks to make the benefit available to the eligible SHGs. The Government is planning to provide SHGs training & seed money etc. for making them productive. The intention is that these 210000 SHGs become productive and making women economically empowered. He informed that the limit for ACC has been raised upto Rs. 2 lacs. Further the women component in the SC/ST corporation scheme should be 15%. All the women SHGs will be trained in computers and the expenditure will be borne by State Government. He informed that the department is making MIS for SHGs, which will be completed shortly. District level officer are being posted from WCD department, the recruitment procedure has started, so MIS will not be an issue thereafter.

**Principal Secretary (TAD)** informed that recently one SHG scheme has been formulated for Sahariya community, a tribal community, in Baran, the subsidy for them will be provided by the State Government as announced in State Budget. Bankers are requested to take actions accordingly.

#### **5.2.2 Joint Liability Group (JLG):**

Details of scheme were placed and deliberated in 105th SLBC meeting. NABARD has vide letter dated 24.05.2010 informed the Convener, SLBC in regards of covering 10 lakh farmers across the country through promotion of 1.5 lakh JLGS. Rajasthan has been given a target for promotion and financing of 1500 JLGS during FY 2010-11. Controlling heads of Banks were requested to ensure formation and extending credit facility to the JLGS.

#### **5.3 Credit Flow to Minority Community:**

It was informed that as of Dec-2010 the outstanding credit to minority community was Rs. 3345 crs, which was 5.95% of the outstanding PS advances and hence below the mandated level of 15%. However, better growth has been observed during the current year as the same is 22% over the level of March-2010.

Lead Banks were requested to ensure that suitable steps are taken to facilitate the flow of credit to the minority communities, and the progress in this regard be reviewed in the DLCC / DLRC meeting. Public Sector Banks were requested to ensure to achieve the target of Minority Community as fixed by the Ministry. The Convener requested the Banks for sanctity of the data and requested banks to ensure that correct classification is being done and correct data is being extracted from the system and reported accordingly.

**Principal Secretary (Minority Community)** said that a new department for Minority Community has been created for greater focus. He appreciated that the credit to minority community has been kept as a standing Agenda item in the SLBC. He also suggested that the matter should also be discussed in the core group meeting. He informed that now every district will be having district Minority welfare officer and project officer, who will be member of Prime minister's District level monitoring committee chaired by District Collector. Also they will be member of the DLCC where actual work of target setting is done. He requested the Banks for widening the credit window to minority community and achieve the target of mandated 15% of PS advances. It was informed that credit awareness camps were organized by the department where about 30000 applications have been received.

The department is taking up with the District Collectors for setting up of minority targets in the DLCC meetings and distributing the same to the banks. He suggested that one of the ways to extend credit is through the Education loans where full interest subsidy is also available to students from EWS (annual family income upto Rs.4.50 lacs) during the moratorium period for pursuing technical/professional educational studies in India. Also Minority SHG group can be credit linked.

In Nayla, Jaipur government is coming up with Dastakar Nagar and requested to provide loans for housing. Further, for minority concentration Blocks and towns innovative strategies can be made, as there are 23 blocks and 16 town which are Minority concentrated. The credit to minority community can be dovetailed with existing government schemes to increase the credit exposure. He informed that government is going to disburse about Rs.20 Cr. in scholarships and requested for opening zero balance accounts of students. He also emphasised the need for correct classification as at times minority advances are being classified under OBC.

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#### **Agenda No. 6: Rural Self Employment Training Institutes (RSETI):**

The house was informed that RSETIs have now been set up in all the 33 districts of the State. Total RSETIs established in the State are 35. As on Dec-2010, 61564 trainees have been provided EDP training under various R-SETIs and out of which 41774 i.e. 68% of them have got employed.

Ministry of Rural Development, GoI vide circular dated 31.12.2010 has reiterated the process for allotment of land for setting up of R-SETIs, one in each district of the country. Further to facilitate and expedite the process it has been advised that due to difficulty in finding one acre of suitable land in some places and in hilly terrain, the Ministry has decided that the State may go ahead to establish R-SETIs on 0.5 acre land in plain area and on 0.37 acre land in hilly areas,

It was requested that the Director, R-SETIs to ensure that in the training programmes, at least 70% of the beneficiaries shall be from BPL families, and to organize adequate number of locational training Programme for BPL & women micro entrepreneurs. Banks were requested to ensure that trained youth gets credit linkage from not only

from the R-SETI sponsoring bank but also from any other bank operating in the district.

The allotment of land for R-SETIs is pending in 12 districts. The Principal Secretary (Plan) informed that he has already taken up the matter with the Revenue Department and the Collectors. The LDMs be advised to identify the land and the updated status be submitted to him so as to take up the matter with concerned officials.

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#### **Agenda-7: CGTMSE- review:**

It was informed that as on 10.03.2011 out of total 223993 cases uploaded under CGTMSE, 8430 cases are from State of Rajasthan. In the State, Bank of Baroda has registered maximum cases under CGTMSE that is 2055 followed by SBBJ with 2045 cases.

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#### **Agenda No. 8: Education Loan:**

As on Dec-2010 total credit flow to education loan is Rs.1102.86 crs with disbursements of Rs 184.52 crs. during the current FY. The Central Scheme to provide Interest Subsidy on education loan, announced by GoI, Ministry of Human Resource Development was reiterated, which provides for Interest subsidy for the education loan taken by students from economically weaker sections (parental / family income per annum not exceeding Rs.4.50 lacs). It was informed that the “Tehsildaar” has been authorized to issue income certificate under the scheme which also stands circulated to the members. The members were requested for submission of information pertaining to Scheduled Castes, Scheduled Tribes, Minorities, Other Backward Classes, and Other beneficiaries; along with sub-classification in terms of gender beneficiaries etc. DCC Convener Banks were requested for ensuring discussion on education loan in the DCC/ DLRC meetings. Private Sector Banks, RRBs & Co-operative Banks were also requested to contribute in dispensation of education loan in the state.

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#### **Agenda No. 9: Interest Subsidy scheme For Housing the Urban poor (ISHUP):**

The house was informed that the MH&UPA, GoI has initiated various steps to give impetus to the scheme viz;

- loans extended by the banks w.e.f. 26.12.08 are eligible for claiming the NPV of interest Subsidy under ISHUP
- Inclusion of RRBs and Private Sector Banks for implementation of scheme.
- Permission to PSBs to issue income certification to eligible beneficiaries subject to the audit by Central Nodal Agency.
- Increase in facilitation fee from Rs. 100/- to Rs 250/- per approved application under the scheme can be extended to MFIs/ CBOs/ NGOs/ individuals (Home loan Counselors)

- Common application form designed under the scheme. The borrower may file an affidavit in relation to income certification, ownership by his family members of the household etc.
- Relaxed view may be taken by State Level Nodal Agency in regard of built up size of the area, which sometimes is larger or lesser than recommended.

Representative of the nodal agency M/s. AVL informed that 15 projects in Jaipur, Chaksu, Bhiwadi, Dausa, Kuchamna City have been cleared by the State Government under PPP model and total 13271 applications have been received. He said list have been received by them from ULBs, housing board and development authorities etc. The Convener requested for sharing the data / list of beneficiaries with SLBC so that the same can be distributed to all the banks and some performance can be registered under the scheme.

Convener informed that the scheme is being regularly monitored at the Central Level. There is a need to create awareness about the scheme, as whatever little progress has been achieved through generating about 50-60 cases is through the effort of only -2- Banks i.e. BOB & CBI. It was emphasized that as the PPP model is going to take shape in due course of time, it is imperative that immediately the individual beneficiaries are identified by the nodal agency and the Banks and covered under the scheme.

The convener placed on record the fact that the nodal agency and the State level agencies are not responding to our request for providing list of beneficiaries under the scheme. A list was provided by the nodal agency for Hanumangarh, and after field visits only -2- applications could be generated. It has come to the notice that in most of the cases the plots allotted have been sold by the beneficiaries. Therefore, there is a need for the nodal agency for identification of actual beneficiaries who could be covered under the scheme, and their application be sponsored to the Banks, or the list of such beneficiaries can be provided to the SLBC / Banks for further action. Banks were requested to popularize the scheme and take initiatives to identify the eligible beneficiary and forward the applications to the nodal agency for sponsoring the same to the banks for sanction / disbursement of loans. It was also suggested that joint publicity with the nodal agency can also be undertaken.

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### **Other issues:**

**Bank branches to operate in the residential area/ premises:** The issue for allowing the existing/ proposed new bank branches to operate in the residential areas/ premises was deliberated in 107<sup>th</sup> SLBC meeting and as discussed was taken up with the State Government. Planning (IF) Department, GoR vide letter dated 24.01.2011 informed that as per recent developments and guidelines the same is not being allowed by the State Government Agencies, considering the bank branches as commercial organization.

**Study report on verification of borrowers and End user of funds under Government Sponsored Schemes:** RBI informed all SLBC Convener Banks that the services of external agency was engaged for undertaking verification of the status of the borrowers and the end use of the funds to evaluate the efficacy of Government Sponsored Schemes.

- The National Institute of Rural Development (NIRD), Hyderabad was engaged to conduct the study and they have since submitted their report.

**Clarification of Stamp Duty chargeable in respect of the security documents of Government of Rajasthan (Finance Department) under MSME:** Finance Department, GoR vide Notification dated 14.02.2008 informed that the stamp duty chargeable on the instruments executed for taking loan to set up a Micro, Small Enterprise (but not being a Medium enterprise), as defined in the Micro, Small and Medium Enterprise Development Act 2006, in the State Shall be reduced and Charged:-

- Rs. 100/- per document in case of loan agreements and deposit of title deed and lease contract and,
- Rs. 500/- per document in case of simple mortgage with or without transfer of possession of property.
- Further, vide notification no. Nos. F.12(99)/FD/Tax/07.37 dated 20.07.2009 Finance Department, GoR made an Amendment and informed to substitute the expression “Micro, Small Enterprise (but not being a Medium enterprise)” with Micro, Small or Medium Enterprise”.
- It has also been clarified that the concession is applicable to “Set Up” MSME unit and not for the units where limits are to be increased or for units whose accounts are being shifted to another bank

**Pradhan Mantry Adarsh Gram Yojana:** The scheme envisages integrated development of villages having >50% population of SC. In the State 225 villages of Sriganganagar and Hanumangarh distt. has been identified to develop as “Adarsh Gram.”

**MPOWER: (Mitigation Poverty in Western Rajasthan):** The scheme is being implemented in the -6- districts of western Rajasthan. The representative MPOWER informed that the scheme is planned to be implemented in one selected block of all 6 districts of Western Rajasthan. The credit assistance is being envisaged through World Bank assistance and credit linkage of SHGs through Banks. An MOU has been executed between SBBJ and MPOWER. The execution of MOU with UCO Bank is at an advanced stage. He requested that other Banks may also consider associating with the project. It was submitted that as the population in these districts is scattered, therefore MPOWER is planning to make smaller groups which will be for less than 10 persons, and requested that the same be considered as SHG for credit linkage

Convener requested the concerned departments for providing the detailed modalities of the scheme. The matter may also be taken up in DCC meetings in these districts. Regarding smaller groups it was suggested that the same may be considered under the existing scheme of JLG.

**Vishwas Yojana:** The scheme envisages providing financial assistance for disable persons having annual income of not more than Rs 50000/-, for starting their own business. Department of Social Justice and Empowerment GoR will provide 30% subsidy or maximum Rs. 30000/- on the project cost not exceeding Rs. 1 lac.

**Navjeevan Yojana:** The Scheme envisages rehabilitating the people/ communities engaged in illegal processing of alcohol by providing economic support. Implementing agency of the scheme is Excise department, GoR

**Swawlamban Yojana:** The scheme envisages to provide interest subsidy @ 5% to educated unemployed youth of SC/ST category on loan sanctioned by bank for establishment of self employment/ entrepreneur. The scheme is implemented by SC/ST corporation ltd.

**Mukhyamantry Swawlamban Yojana:** To provide the loan at lower interest rate to the skilled labour artisan/ farmers and trained unemployed youth a scheme is being implemented by Industries Department, GoR wherein 2% interest subsidy on bank loan is being provided.

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#### **Agenda-10: Recovery under Priority Sector and SLBC website**

##### **Recovery under Priority Sector:**

Banks were advised to invariably attend the recovery camps organized by the District authorities. DCC convener Banks were requested to advise the LDMs to discuss the agenda of recovery particularly RACO (RODA) & Lok Adalat invariably in DCC/DLRC meetings and ensure timely follow up action.\_All member Banks were requested to ensure that branches have submitted the details of cases filed under RACO/ RODA and subsequently have been closed under the ADWDRS to respective revenue authority.

##### **SLBC Website- Review:**

It was informed that the District wise & Bank wise Road Map for the State for providing banking services in the un-banked villages having population more than 2000 with its summary is now available on SLBC website. It is endeavored by the SLBC to keep the status of website updated. Current developments, meeting notice, agenda, minutes of the meetings etc. are regularly being uploaded on the website. Members are requested to visit the site for updates.

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