

Minutes of the 110th SLBC Rajasthan meeting held on 22nd Sept., 2011

The meeting was Chaired by Shri N. S. Srinath Executive Director, Bank of Baroda and attended by Senior Government officials, executives from Reserve Bank, NABARD, Banks and financial institutions. The list of participants is **annexed**.

Convener SLBC in his opening remarks reiterated the directives of the Ministry of Finance of providing KCCs to all non defaulter farmers by 15.10.2011. He said that the areas where cultivation of crops is not adequate, is to be supplemented by schematic lending such as livestock raising, milk production, orchard and plantation etc. He requested banks for focus on SHG-bank linkage in clusters with diversified economic activities. He informed that under financial inclusion as on 31.08.2011 in 2116 villages FI activity has been initiated, and additionally 2239 smaller villages have also been covered. He requested all implementing banks to expedite implementation of FIP. He informed that -7- LDMs have been invited in the meeting and with this the LDMs from all the 33 districts of the state have now participated in the regular SLBC meetings. The initiative is for greater involvement and exposure of the district level functionaries under lead bank scheme and shall be continued.

Chairman in his key note address said that the total Bank branch network in the state has crossed the important milestone of 5000. The C:D ratio in the state is a healthy 94.63%. The outstanding advances to Priority Sector, Agriculture and weaker section are all above the bench mark.

The progress under financial inclusion is satisfactory. However, looking to the resolve of banks in the state to bring to closure the financial inclusion plan by Sep-2011, the banks should expedite roll out of FIP. The enrollments should be followed by commencement of transactions and other activities expected under the financial inclusion. FLCCs have been established in -27- districts, and in remaining -6- districts FLCCs should be set up in the current year. Multiple registrars are implementing the UID project in coordination with the state government, for which the state government has also issued the guidelines.

He said that as per Ministry of Finance directive each non defaulter farmer is to be given a Kisan Credit Card by 15th October, 2011. The communication in this regard has already been sent by the SLBC to all controllers of member banks and Lead District Mangers. He requested Banks for issuance of KCCs in their service area villages as per action plan drawn by the DCCs. He also requested the State Government for advising the district collectors for providing of village / block – wise data of house holds as per census to banks.

He said though the flow of credit to minority community has improved in the past one and a half year, but it is still below the mandated level of 15% of the priority sector advances. He requested banks to take steps to increase the credit flow to minority community.

Regional Director, RBI informed that Central Board meeting of RBI is going to be held on 13.10.2011 at Jaipur coinciding with that a special meeting of SLBC is also being proposed. He said under financial inclusion 54.49% progress has been achieved till Aug and requested the Banks to expedite the roll out to achieve closure by Sep-2011 as agreed. He reiterated for issuance of smart cards in the enrolled accounts and commencement of transactions to consider the village as covered. The no frill accounts opened by the banks under FIP should have inbuilt Over Draft facility.

CGM NABARD informed the house about refinance scheme launched by NABARD for loans to Cooperative Banks and RRBs by commercial banks. He shared the financial literacy campaign launched by NABARD through cultural troops and requested banks to extend support for making the initiative a success. He requested banks to strengthen their FLCCs infrastructure by availing financial support extended by NABARD as very few districts have availed this scheme so far. He requested banks to support solar home lighting and water heating system scheme launched by NABARD under which subsidy and concessional ROI is extended by NABARD.

Managing Director SBBJ apprised the house about the latest progress of the bank under Financial Inclusion and assured that the bank will cover all allotted villages by Sep 2011. He informed about the steps taken for improving the CD ratio of their lead districts for Rajasmand and Sirohi districts and said that looking to the initial response the situation is expected to improve soon.

Director, DFS, GoI said that the CD ratio in the state is a mile stone and appreciated good achievements on all parameters in the state. The performance under setting up of RSETIs and FLCC has also been good and suggested the youths trained at the institute should also be assisted in getting suitable jobs. She requested banks for lending to minority community and requested private banks also to cooperate in lending to priority sector especially weaker sections as social banking is one of the major concerns of the government.

Principal Secretary (Plan & State Coordinator SLBC) emphasized the need of inclusive growth and requested for associating more and more people with the banking services. He requested for putting concerted efforts for improving CD ratio in the -3- low CD ratio districts. He shared initiative of the government for e-payment in the accounts under government benefit schemes. He reiterated the

recent guidelines issued by the State Government for implementation of UID project under which prior approval of District Collector has to be obtained for roll out of UID by non-state registrars.

Thereafter the agenda items were taken up for discussion:

AGENDA No. - 1:

- **Confirmation of Minutes of 109th SLBC Meeting** - The minutes were confirmed by the house.
- **Action Taken Report:**
 1. **Allotment of land to remaining 11 R-SETIs by the State Government:** House was informed that the land has been allotted for 23 R-SETIs. Additional Chief Secretary (Rural Development & Panchayati (Raj) has directed District Collectors for allotment of land for remaining R-SETIs
 2. **Opening of FLCC** – It was informed that 27 FLCCs have been established covering 27 districts of the state.
 3. **FIP roll out:** House was informed that as on 31.08.2011 financial inclusion exercise has been initiated in 2116 villages. Banks have been requested to expedite roll out of FIP to achieve closure by Sep-2011.
 4. **ISHUP scheme:** as on 15.08.2011 nodal agency has forwarded 1029 applications to banks for flats allotted under PPP model. Banks have been requested for early disposal of applications.

AGENDA No. - 2:

Branch network: During current FY, up to June 2011 -57- new bank branches have been opened in the state, of which 39 branches (68%) have been opened in rural/ semi urban centers. Out of the new branches opened 53 branches have been opened in identified under banked districts

Deposits and advances: As on June-2011 total deposits in the state are Rs. 144292 crs and advances Rs. 128963 crs with YoY growth of 17.32% and 24.85% respectively.

Priority sector advances: The YoY growth under priority sector advances is 26%, agriculture 25%, SME and OPS 27%, weaker section 20% and advances to SC/ST 41%.

CD Ratio: As on Jun-2011, CD ratio is 94.63%, which has improved from 93.37% in Mar-2011. The CD ratio is above 100% in three districts (Bhilwara, Hanumangarh, Jaipur). The CD ratio is below 50% in 3 districts of Dungarpur, Rajasmand and Sirohi. As decided in the last SLBC meeting, special DCC meetings were convened in these districts during 2nd Quarter. It was decided that credit camps be organized for increasing credit deployment. The implementation of action points have commenced.

Annual Credit Plan: Achievement under ACP as on Jun-2011 is 30% of the annual targets. Disbursements under priority sector are Rs.11780 crs against annual target of Rs.39359 crs. The achievement under agriculture is 33% and under MSE & OPS is 25% and 17% respectively. In 16 districts ACP achievement is above 30% and in 8 districts ACP achievement is between 25%-30%. In 6 districts achievement is between 20-25% and achievement is less than 20% in 2-districts viz; Jhunjhunu, Jodhpur.

CGM NBARAD mentioned that as per RBI guidelines during calculation of CD ratio for a district, only those credit facilities which are sanctioned in the same district are included in the advances part irrespective of place of their utilization and that is why during calculation of CD ratio for districts like Rajasmand, Sirohi and Dungarpur any bulk credit utilization in the district is not included in calculation. He requested house to find out a way to address the issue as this is one of the reasons for low CD ratio in these districts.

AGENDA No. - 3:

Financial inclusion: House was informed that the meeting of SLBC sub committee on FI was held on 19th Aug 2011, the minutes of which have already been circulated to the members.

As on Aug-2011, FI activity has been initiated in 2116 villages, with 634288 customers enrolled and 246704 smart cards issued. The total no. of transactions are 86854 for an amount of Rs.176.84 lac. Additionally 2239 villages (population below 2000) have also been covered with 593554 enrollments and 345926 smart cards issued. The progress of RRBs was observed to low. It was informed that the performance will now pickup as five RRBS (out of 6) have now come on CBS platform and service provider for FI have been appointed, which will facilitate in expediting the roll out of FIP.

It was requested to ensure that enrolment should be followed by appointment of field BCs, issuance of smart cards & transactions and KCC, ACC or Overdraft facility is provided to the beneficiaries. The DCC convener Banks were to ensure monitoring of progress on a regular basis in DLCC/DLRC meetings. All banks were requested to expedite roll out to achieve closure of FIP by Sept-2011, simultaneous coverage of smaller villages of population below 2000 and commencement of transactions in enrolled accounts.

CGM NABARD informed as per latest guidelines of NABARD permits using the services of service providers of sponsoring bank on the same terms and conditions, in case of difficulty to finalize service provider by the RRB.

RD RBI expressed that one of the main problem being faced by banks in effective implementation of the FIP is the services of the service provider, as it has not been satisfactory in many cases especially in BC agent's recruitment. He suggested that banks may consider to recruit BC agents through their branch managers and making him accountable for performance of the BC.

Secretary RD suggested that Common Service Centre representatives and NREGS mates can also be utilized as BC agents and they might be willing to render their services as it will act as an additional source of income to them. The implementing banks were requested to explore possibilities in this regard.

EBT (Electronic Benefit Transfer): It was informed that Secretary, MoF, Department of Financial Services has advised that all payments under GoI / State Govt. schemes to be made through EBT except from such institutions which do not have CBS or have no access to ECS payment facility. The matter was taken up with the State Government and necessary circular has been issued by them

Online Web Based Tool for Monitoring the Mahatma Gandhi NREGS Accounts: Secretary Rural Development informed about the online web based tool developed for monitoring NREGS accounts maintained by various banks by NREGS department of Rural Development. The Additional Chief Secretary (RD&PR) in a recent communication has already requested banks to develop an electronic application which would be able to pullout the data of NREGS accounts from their CBS system and push into the NREGS accounts tracking application. He informed the house that government has already got a Central Scheme Plan Monitoring System which is being handled by controller of accounts GoI and requested banks to actively participate. Banks maintaining NREGS A/Cs were requested for take early steps in this regard.

Unique Identification Authority of India (UIDAI) - Princial Secretray (Plan) informed that the Govt. of Rajasthan is coordinating the roll out of UID project in

the state through multiple registrars, as per MoU signed with UIDAI, for smooth implementation of project and avoiding duplication of efforts. It was informed that prior approval of enrolment plan has to be obtained from the district collector before commencement of roll out.

AGENDA No. – 4:

Agriculture Credit Flow: It was informed that outstanding advances to agriculture as on June 2011 stood at 33611 cr against 32679 cr as on March 2011. Total no of KCCs issued since inception till March 2011 are 61.34 lac. During FY 2010-11, 11.93 lac KCCs were issued. For FY 2011-12 a target of 8 lacs new KCCs have been set (commercial banks 5 lacs, Cop banks 2 lacs and RRBs 1 lac). Up to Jun-2011, 4.74 lac KCCs have been issued.

Ministry of Finance, GOI has directed to ensure that each farmer gets an agriculture credit limit by 15.10.2011. In this direction a Sub Group of SLBC met on 06.09.2011. Points emerging from the meeting have been circulated to the members vide SLBC letter dated 07.09.2011. A common application form acceptable to all the banks was finalized in the meeting and banks were requested to take up the issue of waiver of processing, documentation charges and advocate fee for search report in regard to KCC facility, with their corporate office.

Principal Secretary (Plan) said that strategy is required to cover remaining farmers with KCC facility as there is still a large no of farmer still left uncovered. Priority should be given to farmers benefited under RKVY (Rashtriya Krishi Vikas Yojana) scheme of the government. He further requested banks to ensure to submit premium for crop insurance of all eligible farmers timely so that the farmers can get the benefit of the scheme.

Director, DFS, MoF, GoI requested for ensuring issuance of KCCs to non defaulter farmers before 15th Oct 2011. She requested for reviewing the progress in this regard.

Representative Agriculture Insurance Company requested State Government to allot districts to the crop insurance companies after making a thorough comparison between parameters like pay-structure, claim procedure etc offered by different companies. As this way farmers would be in a better position to get better coverage at cheapest available price in the market.

AGENDA No. – 5:

Swarna Jayanti Gram Swarajgar Yojana (SGSY): The core group meeting was held on 30.08.2011, the minutes of which have since been circulated. The state nodal department has informed that individual swarajagries are now also eligible

under SGSY scheme, and accordingly their loan applications are also to be considered under the scheme. Banks concern was shown over high level of NPA under the scheme. Nodal department was requested to extend support and cooperation in recovery of bank dues.

The achievement under the scheme in current year up to July 2011 is 12%. Loans of Rs.21.98 cr have been disbursed against target of Rs 184.30, of which Rs.8.22 crs have been extended to women beneficiaries. Banks were requested for disposal of applications within prescribed time limit. Nodal department was requested to extend the training schedule to at least 6 days from existing 2 days.

Representative SGSY department requested banks to ensure proper inspection and justifiable reasons before rejection of applications especially after second grading of SHG applications.

Swarna Jayanti Shahari Rojgar Yojana (SJSRY): It was informed that the core group meeting was held on 30.08.2011, the minutes of which have been circulated to all members. During the current year disbursements in 718 applications have been made. Nodal agency was requested to ensure timely availability of subsidy and to submit the consolidated monthly progress under joint signature of District Nodal Officer & concerned LDM. Concern of Banks for high NPA level under the scheme was conveyed to the nodal department.

Prime Minister's Employment Generation Programme (PMEGP): The core group meeting was held on 30.08.2011, the minutes of which have been circulated. As per data received from KVIC 1030 projects have been disbursed, against the target of 2631, involving margin money of Rs.1539.02 lac up to 29th of Aug 2011. Current FY is the terminal year for the scheme. Nodal agency was requested to provide adequate margin money timely and to submit the consolidated monthly progress for all agencies i.e. KVIC, KVIB and DIC, District-wise / Bank-wise duly authenticated by Lead District Manager & Nodal Officers of the District. Banks were requested to ensure EDP training in all cases within 12 months of release of first installment. Concern over high NPA level under the scheme was expressed.

Principal Secretary (SSI) expressed concern for the large no. of pending application under the scheme and requested banks and nodal agencies to expedite disposal of pending applications.

Artisan Credit Card Scheme (ACC): The core group meeting was held on 30.08.2011. During current year 732 ACCs have been issued, against target of 5000. It was informed that 7034 applications have been sponsored but the same are pending disposal. Looking to the poor progress under the scheme member

banks were requested to organize special ACC credit camps and for disposal of all pending applications. Principal Secretary expressed concern over the poor progress under the scheme consistently and observed that special efforts need to be made to improve performance.

Chairman expressed his concern over the fact that though the state has always performed well in other schemes but in this scheme year after year we have not been able to achieve the target. He Requested all the banks to give due attention to this scheme also so that target can be achieved this year because target has also been downward revised drastically from previous years.

Special Central Assistance Scheme for SC/ST: The core group meeting was held on 30.08.2011. Up to July 2011, 1940 beneficiaries have been benefited under the scheme against target of 30620 as per data received from Department of SC/ST Finance and Development, GoR. Looking to the poor progress made under the scheme and large pendency of the applications, DCC convener banks were requested to undertake special drive for disposal of applications.

Representative State Nodal Department expressed concern over delay in submission of Utilization Certificates by bank branches and requested controllers of banks to issue necessary instructions to branches in this regard. He also requested for disposal of pending applications urgently.

Self Help Groups (SHG):: It was informed that the core group meeting was held on 30.08.2011. As per data received from banks and LDMs a total of 253873 SHG saving accounts have been opened in the state out of which 218740 i.e. 86% are women SHGs. Further 175084 SHGs have been credit linked out of which 153517 i.e. 88% are women SHGs. House was informed that NABARD has allotted target of 100000 SHGs for linkage through SB accounts and 60000 SHGs for credit linkage. Member banks were requested to arrange for training of not only SHGs but also the staff members and if possible booklets for guidelines can be provided to the branches to ensure smooth and effective implementation of the scheme

Representative nodal department informed about special financial literacy camp for SHGs scheduled in the coming month and requested banks to extend support through their branch managers, LDMs and marketing officers to attend these camps and provide their valuable inputs.

MPOWER (Mitigating Poverty in Western Rajasthan): Representatives of the department informed the house about latest efforts and progress made to encourage SHGs in the state. He requested banks to consider allotting a day in the week at the branch level for SHGs.

Credit Flow to Minority Community: House was informed that the credit flow to minority community as on June 2011 is Rs.3777 crs which is 6.25 % of total priority sector advances. In case of PSBs the same is 6.83%. However it is showing increasing trend and during 2010-11 lending to minority community has registered a growth of 24%. Public Sector Banks were requested to step up their lending to minority community to achieve the target as fixed by the Ministry..

MD SBBJ pointed out to the fact though the population of minority community in the state is lesser than the states like UP but still target for both the states is same i.e 15% of population to be covered. He requested government to consider downward revision of the target if possible. He informed the house about the special scheme launched by SBBJ to increase lending to minority community.

Mukhyamatri Swawlamban Yojana: Target of 3000 beneficiaries for FY 2011-12 has been allotted by Commissioner Industries, GoR. Up to Aug-2011, 67 beneficiaries have been benefited under the scheme. Banks were requested to gear up efforts to enhance lending under the scheme.

Vishwas Yojana: House was informed that Department of Social Justice and Empowerment, GoR provides 30% subsidy or maximum Rs. 30000/- on the project cost not exceeding Rs. 1 lac. As per information available at SLBC up to June 2011 loans have been disbursed to 23 beneficiaries against target of 490.

Navjeevan Yojana: House was informed that as per information available at SLBC up to June 2011 loans have been disbursed to 51 beneficiaries against target of 410.

Recapitalization of RRBs: As per recommendations of Dr K C Chakrabarty committee's report the RRBs are to be recapitalized so as to have a CRAR of 9%. In the State, Baroda Rajasthan Gramin Bank, Hadoti Kshetriya Gramin Bank, Jaipur Thar Gramin Bank, Mewar Anchalik Gramin Bank, MGB Gramin Bank are to be recapitalized for which Central government has agreed to release its share, however, the same is contingent upon release of proportionate share by the State Government. The Planning (IF) Department, GoR vide letter dated 19.08.2011 has informed that State Government has decided not to infuse any additional share capital in the RRBs. State Government was requested to revisit the issue of release of their share.

AGENDA No. – 6:

Rural Self Employment Training Institute (RSETI): 35 RSETIs have been established in all 33 districts of the state. Land has been allotted in 23 districts and land allotment is pending in -11- districts, for which State Government was requested. As on Jun-2011 training has been given to 77368 trainees out of which 54628 trainees are gainfully employed. It was reiterated that in the training programme at least 70% of the beneficiaries shall be from BPL families. Skill upgradation / development training programs to be given focus at the RSETIs for prospective entrepreneurs to take up the micro enterprises in their area. Banks were requested to ensure that trained youth get credit linkage not only from the R-SETI sponsoring bank but also from any other bank operating in the district.

Financial Literacy and Credit Counseling Centres (FLCC): House was informed that a total of 27 FLCCs have been established in the state. The major Banks, other than DCC Banks, were requested to take initiative to open FLCCs at centers of their choice. NABARD was requested to provide financial support to FLCCs, other than the identified districts to undertake financial literacy programme.

AGENDA No. – 7:

Performance under CGTMSE as on 31.08.2011: During current FY, 2268 cases amounting to Rs 135 crores have been approved upto Aug-2011. During FY 2010-11, 9345 cases under the scheme were approved.

AGENDA No. – 8:

Education Loan: As on Jun-2011 total outstanding education loans in the state are Rs.1128 crores in 53623 accounts, out of which 82 % loans are below Rs. 4.00 lac. Total education loans have registered a YoY growth of 23%. Banks and state authorities were requested for creating awareness about the interest subsidy scheme for education loans. DCC Convener Banks were requested to ensure that issue related to the Sanction/ Disbursement/ Recovery and NPA under the education loan is discussed in the DCC/ DLRC meetings.

AGENDA No. – 9:

Interest Subsidy Scheme for Housing Urban Poor (ISHUP): It was informed that the core group meeting was held on 30.08.2011, the minutes of which have been circulated to all the members. An aggregate target of 28123 beneficiaries has

been fixed by the State Level Nodal agency, of which 10350 beneficiaries of EWS/LIG category, to be benefited up to 2012-2013 under General Housing Scheme and 17773 beneficiaries under Affordable Housing under PPP model (AVL).

As on 18.08.2011 - 1029 applications have been sponsored and forwarded to member banks under the scheme. As current year is the terminal year for the ISHUP scheme it was requested to consider to recast the instalment payment schedule so as to make the total amount payable by March-2012 to enable the beneficiaries to get full benefit of interest subsidy under the scheme. Banks were requested for early disposal of applications.

The representative of nodal agency requested banks that Amount of loan sanctioned should be according to the repaying capacity of the beneficiary instead of fixing it at Rs.1.00 lac so that burden on the beneficiary can be reduced. He informed the house that beneficiaries will be handed over the fully developed houses.

AGENDA No. – 10:

Recovery under priority sector:

It was reiterated that the provisions of State Govt.'s support in recovering Banks' dues are stipulated in RACO (RODA) Act 1974 under which Revenue Authorities are equipped with adequate powers in respect of agricultural loans however, no such recovery mechanism / support has been provided for recovery of advances under the Government supported programme in the State under the Public Demands Recovery Act, 1952. DCC convener banks and LDMs were requested to discuss the agenda of recovery particularly RACO (RODA) & Lok Adalat invariably in DCC/DLRC meetings and ensure timely follow up action.

SLBC Website: All member Banks were requested to ensure submission of Key Indicator Data online within 30 days of the close of quarter.

The meeting ended with the summing up of the proceedings and vote of thanks by the Chairman.

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