

## **PROCEEDING OF 121<sup>ST</sup> SLBC MEETING KHELD ON 18.11.2010 AT BHUBANESWAR**

The 121<sup>st</sup> SLBC Meeting of Orissa was held on 18.11.2010 at Bhubaneswar under the Chairmanship of Shri N.R Badrinarayan, Executive Director, UCO Bank and Chairman, SLBC. Among others, it was attended by Shri P.C Ghadai, Hon'ble Finance Minister, Orissa, Shri B.K Pattnaik, Chief Secretary, Govt. of Orissa, Shri B Chakraborty, General Manager, NABARD, Regional Office, Bhubaneswar, Shri S.K Choudhury, General Manager, State Bank of India, Local Head Office, Bhubaneswar, Shri P.K.K Krishnan, Senior Vice President, Banking Codes and Standards Board of India (BCSBI) and Shri S.M Sinha, General Manager, UCO Bank - cum- Convenor, SLBC, Orissa. The list of participants is annexed.

Shri S.M Sinha, General Manager, Orissa and Convenor, SLBC welcomed Shri P.C Ghadai, Hon'ble Finance Minister, Orissa, Shri N.R Badrinarayan, Executive Director, UCO Bank and Chairman, SLBC, Orissa, Shri B.K Pattnaik, Chief Secretary, Orissa, Shri R.N Senapati, Development Commissioner-cum- Additional Chief Secretary, Govt. of Orissa, Shri B Chakraborty, General Manager, RBI, Regional Office, Bhubaneswar, Shri C.R Pattnaik, CGM, Regional Office, NABARD, Bhubaneswar, Shri B.K Choudhury, General Manager, State Bank of India, LHO, Bhubaneswar and other dignitaries in the dais, participants from Govt. Departments/Agencies and Banks.

While welcoming Shri B.K Pattnaik, Chief Secretary, Govt. of Orissa, he expressed that under his able leadership and guidance, SLBC, Orissa would derive immense benefits and would be able to function more efficiently and effectively.

In his welcome speech, he introduced Shri N.R Badrinarayan, Executive Director, UCO Bank ka Chartered Accountant and Certified Associate of Indian Institute of Bankers.

Prior to the present assignment he was General Manager, Corporate Accountants & Taxation in Bank of Baroda, having rich experience in banking operations with a thorough knowledge of credit operations, inspection and audit, having wide exposure in the areas of International Banking & large corporate credit.

Despite the deficient monsoon and adverse global economic environment, growth of GDP was robust. Food inflation is a cause of concern for everybody. Banks have to sanction hassle free loans to the farmers to increase the agriculture production and productivity. To combat the inflationary pressure, RBI has been taking measures in a calibrated approach, thus hiking the policy rates. While banks in India are found to be stable and healthy as compare banks in western countries, rising trend in non performing loan assets of Indian Banks have become a cause of great concern. The CD ratio of Banks in our State has moved up marginally from 63.47% to 63.78% indicating marginally higher credit expansion than deposit accretion in September, 2010. The CD ratio is above National parameter of 60%. Nevertheless, more efforts are needed to take it to a higher level. The achievement of 77% of ACP target is not at all satisfactory. Focused attention is needed to achieve not only 100% but to surpass it considering the ensuing busy season of the year, we are confident to surpass the target by year end.

Before holding this SLBC meeting, we have already conducted series of Sub Committee and Small Committee meeting of SLBC, like Small Committee for enhancing credit flow to Women Self Help Groups (WSHGs) and redressal of problems pertaining to Women Self Help Groups, Sub Committee for enhancing credit flow to Handloom & Handicraft Sector and Sub Committee for enhancing credit flow to Agriculture sector and Small Committee for enhancing credit flow to Allied Agriculture sector. The minutes of these meetings have been placed for ratification.

A Special SLBC meeting was convened for enhancing Institutional Credit to Agriculture Sector under the Chairmanship of Principal Secretary to Govt. Finance Department, Govt. of Orissa on 12/7/2010. The special monthly SLBC meeting for enhancing credit flow to MSME, Housing & Automobile sector has also been held.

The High Level committee constituted by the RBI to review Lead Bank Scheme has given varieties of recommendations to be implemented by Banks. The Controllers of the Lead Banks have to provide required infrastructure including staff support to LDMs to enable them to fulfill their commitments.

The most important recommendation is to provide banking services to the un-banked villages having population of 2000 or more as per 2001 census. The implementation of Financial Inclusion Plan (FIP) is in progress. A Sub Committee of SLBC has been constituted to monitor the progress of FIP.

He requested the Bankers to look into and ensure submission of accurate information as asked for to the SLBC in time.

Bankers have to strictly abide by guidelines of RBI and take necessary steps for the purpose of;

- Extending collateral free loan upto Rs. 1 lakhs to farmers both for agriculture and allied sector.

- Extending collateral free loan up to Rs. 10 lakhs for Micro & Small enterprises.
- Ensuring adequate credit coverage of activity under Animal Husbandry and Fisheries. The credit flow to Allied sector is found to be not satisfactory, it needs much improvement.
- Opening of No Frill a/cs under Financial Inclusion.

CGTMSE Scheme provides comfort to banks to extend collateral free loans upto Rs. 100 lacs to the MSME sector. At the ground level, there appears to be some reluctance in extending collateral free loans by the Bank branches. Branch Managers particularly in Semi Urban and Urban areas are to be sensitized about the guidelines as well as provision of CGTMSE scheme in order to change their mindset.

Charging of exorbitant rate of interest by MFIs for on-lending to SHGs/WSHG/JLGs/TFG is cause of concern. To discuss this MFI issue, we have kept this as an agenda item as advised by the Govt. of Orissa.

Further, he requested the Bankers to :

- Achieve at least a 20% year-on-year growth in credit to micro and small enterprises (MSEs) to ensure enhanced credit flow;
- Achieve mandated allocation of 60% of the MSE advances to the micro enterprises in stages viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13;
- Achieve a 10% annual growth in number of micro enterprise accounts;
- Open more MSE focused branch offices at different MSE clusters which can also act as Counselling Centres for MSEs.
- Lead Bank of each district may adopt at least one MSE cluster.

He expressed that the State has huge potentialities for development and earnestly appeal to all of you to make all out efforts in coordination with all the development agencies and Government line departments to ensure

achievement of all financial targets for the current year in order to accelerate the pace of economic growth and bring about financial literacy, inclusive growth, prosperity and all round economic development in our State

**HIGHLIGHTS OF KEY NOTE ADDRESS BY SHRI N.R BADRINARAYAN, EXECUTIVE DIRECTOR, UCO BANK KAND CHAIRMAN, SLBC**

Shri N.R Badrinarayan, Executive Director, UCO Bank welcomed Shri P.C Ghadai, Hon'ble Finance Minister, Orissa and other dignitaries and participants to the 121<sup>st</sup> SLBC Meeting. In his key note address he observed as follows.

He extended deep sense of gratitude to Shri Prafulla Chandra Ghadai, Hon'ble Finance Minister, Orissa not only sparing his valuable time in attending SLBC Meeting but also for his able guidance and suggestions to SLBC for the economic development of the State.

The financial market of leading countries of world like United States, Japan & Britain is still not in a good shape. Still there are global uncertainties. The world economy is being recovered slowly. RBI has been working to achieve a fine balance between inflation and growth objective. RBI forecast the GDP growth of India would be at 8.4% for the financial year 2010-11. In an attempt to check the rising inflation and asset prices, the RBI has increased short term indicative rate i.e. Repo to 6.25% and Reverse Repo to 5.25% recently. The wholesale food inflation fell to 12.3% for the week ended October 30, primarily due to fall in prices of cereals and pulses.

India has emerged as an investment heaven. It is one of the few markets globally with strong and improving fundamentals offering not only safety of capital but also attractive returns.

Now world has come to recognize the potential of our country, its ability to innovate and its exceptional talent, its growing market, growing role in global stage and 21<sup>st</sup> century will belong to India.

The State is quite rich in mineral resources, long coastal line and plentiful inland water resources, diverse forest wealth, plentiful ground water. Therefore, State Government and Banks have got ample scope of development of industries including SME (Small & Medium Enterprises). There is ample scope of lending SME, high potentiality in MSME Sector which has high potentials for export.

Today in Orissa, the top industrialists of the world, all having plans to have their plant based on the mineral resources of State. Orissa is going to be the industrially developed State in the near future. Bankers have great role to play in financing in a massive way in secondary as well as tertiary sector.

You are quite aware that thrust area before bankers are Agriculture, SME, IT, Govt. Sponsored schemes such as PMEGP, SGSY, SJSRY, WSHGs. Providing adequate and quality credit to the above sectors will go a long way in economic development of the State.

Agriculture is the foundation of the State's prosperity and no strategy of economic development can succeed if it does not ensure rapid growth of production and employment in agriculture. Banks have to achieve the target set under Agriculture Sector for the financial year 2010-11.

As most of the farmers belong to Small and Marginal and Landless category, Banks should finance more and more on group lending either in Joint Liability Group (JLG) or Tenant Farmers Group (TFG).

There is no dearth of potential in the State for making agriculture commercially viable. Agriculture is not only an important driver of Macro-economic performance, it is an essential element of the strategy to make growth more inclusive. The XIth Five Year Plan prepared by the Planning Commission suggested a road map of 9% growth for the economy as a whole and an agriculture growth rate of 4% per annum during Plan period (2007-12). On the other hand, per capita food grain production is now at 1970 levels. In this backdrop, there is a necessity for expecting more area under agriculture sector in the State.

In order to make agriculture commercially viable, we have to shift from traditional to high-tech methods.

There is a vast scope of development of agro based industries in Orissa. The entrepreneurs of the State need to look at this sector for business as it requires less capital compared to mineral based industries, while the employment potential of these industries is high, it can be instrumental in alleviation of poverty.

Farmers Club play a vital role in creating awareness among farmers and aimed at disseminating farmers related information, facilitating adoption of financial products of banking system by farmers. Being the pioneer of the Farmers Club in the country, I request NABARD to initiate necessary steps not only to revitalize the existing Clubs but also to form as many new clubs as possible with the help of Banks.

Orissa is frequently hit by natural calamities like flood, cyclone and draught. It is therefore, essential that all eligible crops are to be insured with NAIS for benefit of the farmers.

All the Bankers must ensure that no farmer should be denied in getting credit from the Banks.

The performance of Banks under ACP 2010-11 upto 30/9/2010 is 77% which needs improvement.

On year to year basis i.e. from September 2009 to September 2010, deposits of Commercial Banks grown by 22.91% and Advance by 23.01% which is satisfactory.

The overall CD ratio stands at 63.78% against the National Parameter of 60%. The ratio of Priority Sector Advances to Total Advances of Commercial Banks is 60.15% as against the National Parameter of 40%.

It is worth mentioning that deployment of credit to Priority Sector has been increasing. Percentage of Agriculture Advance to total Advance is computed at 33.22% and percentage of MSE advance to Total advance is 12.76%.

There is rise in sense and markets are taking at a comfortable level.

SGSY is the flagship poverty alleviation programme of Govt. of India to provide sustainable livelihood to people below poverty line. Under SGSY, credit subsidy ratio is only 2.03:1 against National Parameter of 3:1 and per capita investment of Rs. 21,342/-. He requested all Banker friends to take proactive approach to increase credit subsidy ratio to 3:1 and to increase the per group investment. As of 30/09/2010, as against 93945 number of applications sponsored, the banks have

sanctioned only 29027 cases. Hence, Banks are requested to sanction and disburse these applications without further delay.

Banks have successfully implemented PMEGP (Prime Ministers Employment Generation Programme) during 2009-10 and have disbursed 131.72% of margin money target. Our State Orissa ranked within 5<sup>th</sup> position in achievement of PMEGP in the whole of the country. Hence KVIC, KVIB, Industries Department, Govt. of Orissa and Banks deserve appreciation.

The Mission Shakti Programme of Govt. of Orissa is a holistic programme which is the brain child of Hon'ble Chief Minister of Orissa has been doing exceedingly well since inception in 2001. As of 30/9/2010, Banks in Orissa have credit linked 530596 number of groups involving Rs. 2479 crores since inception.

In compliances of the guidelines issued by the Ministry of Rural Development, Govt. of India, Banks have already established RSETIs in 10 districts in the State. As agreed upon SBI, UCO Bank, Andhra Bank have to establish RSETIs in rest of the districts. It is expected that these Training Institutes will yield desired results, thereby arresting migration of rural population to Urban area in search of livelihood. Govt. of Orissa is requested to allot land free of cost, facilitating the banks to set up RSETIs in the districts.

The country is progressing, our GDP growth rate has shown steady improvement during last few years, it is being increasingly realized that the benefits of growth are enjoyed only by a marginal segment of population living in Urban and Semi-Urban area. The growth should be inclusive by empowering the poor through proactive Policies that

helped the marginalized people take part in the market on firm and equitable terms.

I want to quote the dialogue of John F. Kenedy that “ If a free Society can not help the many, who are poor, it can not save the few who are rich”

I want to quote the saying of Mahatma Gandhi, the Father of the Nation “The poor of the World can not be helped by mass production but only production by Masses”.

The Financial Inclusion Plan (FIP) of the State reveals that there are 1878 number of villages having more than 2000 population are unbanked which are to be provided with Banking services through ICT based model by appointing by BC. The task is to be accomplished by the banks by March 2012.

Last but not the least, the recovery performance of Banks continues to be very poor. The overall recovery performance was 45.39% as of 30.09.2010 and same showing declining trend. Now recovery of loans directly results in slowing down of future lending process and has serious repercussion. Therefore, all out efforts must be made to improve the situation sustainability. I request the Govt. of Orissa to extend all possible help for recovery of Bank’s dues.

Orissa is one of the few States of the country where Govt. Departments, Banks and other Financial Institutions and Non-Govt. Organisations have been working hand in hand for complementation of different Central and State Govt. Schemes the development of the State and upliftment of the poor people. Over all social economic

development of the State, he was confident that with all their efforts SLBC will achieve different targets in different parameters.

### **HIGHLIGHTS OF THE SPEECH OF SHRI P.C GHADAI, HON'BLE FINANCE MINISTER, GOVT. OF ORISSA**

While expressing happiness in attending the 121<sup>st</sup> SLBC Meeting of Orissa, he expressed as follows.

Each time meeting is being held to deliberate the various issues, now the time has come to evaluate performances. He expressed that all the time, media is making allegation against the functioning of MFIs in the State. He had no reservation to say that Micro Finance MFI has to play a very significant role in reaching out to rural poor in respect of flexibility in operation and providing a comfort to rural poor.

The State Govt. has received complaint from Women's Association, Social Activists that MFIs are charging a very high rate of interest loans extended to beneficiaries.

Particularly, some Andhra Pradesh based organizations have been charging interest more than 100% which is quite illegal. According to the provision of Money Lender Act of Govt. of Orissa, no Money Lenders can achieve more than 9% per annum simple interest when the loan is secured and 12% per annum where the loan is not secured.

Why MFIs will charge high rate of interest. Charging high rate of interest by MFIs is really a sort of exploitation.

He expressed that SIDBI, SBI and many Public Sector Banks have extended substantial amount of loan to many Micro Finance Institutions.

He said that as the matter is sufficiently agitated in the print and Electronic Media, State Govt. will like to put a cap on rate of interest charged by MFIs to the ultimate beneficiaries. He requested the Bankers to put a cap on interest charged by MFIs to ultimate borrowers.

He expressed concern that CD Ratio is showing a declining trend. Some of the Leading Banks, CD Ratio is below National Parameters. Banks like Andhra Bank, Canara Bank, Indian Overseas Bank, Bank of Maharashtra, IDBI, Corporation Bank, Neelachal Gramya Bank, Rushikulya Gramya Bank, CD Ratio is below National Parameters. But the CD Ratio of Orissa State Co-operative Bank is 101%.

He said that over all achievement of ACP of Public Sector Banks for 2010-11 is 90%. Private Sector Banks have achieved only 31% of the target and RRBs have achieved 37% of the target. State Co-operative Bank has achieved much louder achievements. SBI and UCO Bank have achieved more than 80% of ACP target set for September, 2010.

He requested the Chairman of RRBs and Controlling Heads of Banks and authorities of Private Sector Banks to improve their performance for achieving ACP for 2010-11.

Next to Agriculture Sector, Banks should laid emphasis on financing SME Sector. The percentage of SME advance to total advance is only 14.88% as on 30.9.2010 which is Rs.8787.95 Crores needs to be improved. Similarly percentage of MSME advance to total advance is

12.76%. Banks should change their mindset to extend credit to the MSME Sectors which plays a vital role in building up economy of the State.

Regarding Handloom Sector, Hon'ble Chief Minister had announced special package for Handloom Weavers in 2007. He requested Controlling Heads of Banks to enhance the credit flow to handloom and handicraft sector for which NABARD refinance is also available.

As a matter of fact, the Financial Inclusion has been given importance by all concerned. Union Finance Minister in his budget speech 2010-11 told to reach the benefit of banking facility to Aam Admi. As per the recommendation of high level committee on Lead Bank Scheme, Banks have to provide appropriate banking facility to the villages having population of 2000 and above as per 2001 Census by March, 2012.

Many banks have been issued permission for opening of branches but not yet opened branches in the identified centres. He raised ka question why those Banks have not yet opened the branches?

A Special SLBC Meeting was convened on 18.12.2010 under the Chairmanship of Chief Secretary, Orissa for implementation of FIP (Financial Inclusion Plan) in 1878 villages in the State.

He expressed that progress in FIP in the State is not at all satisfactory.

The CD Ratio of the some Private Sector Banks is above National Parameters of 60%. But the performance of Banks in finance to Agriculture Sector, finance to Priority Sector, Weaker sections and in DRI Scheme by the Private Sector Bank is far from satisfactory. The

performances of some Private Sector lending in the above sector is also found to be NIL.

He told that Govt. Organisations and Public Sector Organisations not to park their surplus funds in those Banks.

It is also seen that Private Sector Banks are not participating in SGSY, PMEGP and other Govt. sponsored Schemes.

The participation of Public Sector Banks in State Employment Mission is found to be Nil. Their participation in implementation in FIP is also Nil.

He opined that Banks have to pay ka Key Note in the economic development of the State.

He requested the Regional/Controlling Heads of the Banks to be liberal in extending credit and take the help of State Govt. officials as and when required. The level of challenge before the State Govt. is to ensure that the benefit of globalization is equitably distributed among the population so as not to cause large scale and economic disparities. Thus the concept of Financial Inclusion and Micro Finance is increasing greater importance.

### **HIGHLIGHT OF SPEECH OF SHRI BIJAY KUMAR PATNAIK, CHIEF SECRETARY, GOVT. OF ORISSA**

While complimenting the bankers for their performances he observed as follows.

Bankers in general have done better in terms of mobilizing deposits and enhancing credit in comparison to the performance of September,

2009. This is not only to evaluate our performance but also to introspect.

He expressed that a student is not judged by in comparing to his performance of previous examination but to judge him in totality whether he is doing well or not.

He expressed that farmers are still deprived of credit in our state. Only one third of the farmers have access to credit.

Most of the small borrowers/farmers is negligible. Most of them still depend on informal credit which is sometimes extremely hazardous. The Govt. is concerned about the development of people at the bottom of the pyramid.

Govt. has come out with number of schemes like NREGS, State Employment Mission, Schemes related to Fisheries and Animal Resources Development Department.

There is still a mental block for people to approach and mental block for bankers to finance to the needy people. It is a two way approach, a vicious circle. Common people have still shyness to approach.

Poor recovery position is a cause of concern for every body. Banks have to go beyond the stipulated ratio and Annual Credit Plan.

He raised a question, how long it will go on persuading banks to finance. Both Govt. and Banks are predominately pre-occupied to finance the people at the bottom of the pyramid. A proper banking climate has to be created where people will not be shy off in coming to

the bank and repaying of loan and banks should also be enthusiastic in financing.

He complimented that SBI for taking up IT enabled Financial Inclusion through Business Correspondant. Business Correspondent must not only be confined for payment of wages, bills and scholarship, they must be true friend, philosopher and guide to village people and give them total financial solutions. This also must be extended to Small Businessmen and industrialist for expansion of Institutional Credit.

He requested other Bankers to follow the model of SBI in spreading IT Enabled Financial Inclusion in extending banking facilities in those villages.

In the end, he expressed that let all of them from Govt., Banks and other officials from district Agencies work for the development of people of the State.

#### HIGHLIGHT OF SPEECH OF SHRI R.N SENAPATI, DEVELOPMENT COMMISSIONER-CUM-ADDITIONAL CHIEF SECRETARY, GOVT. OF ORISSA

While expressing happiness and pleasure in attending SLBC meeting for last 4 to 5 years and expressed that Hon'ble Finance Minister already raised several issues, Executive Director of UCO Bank mentioned the need of recovery of loan along with some developmental issues and Chief Secretary, Orissa covered the issues of the people of the rural areas in providing banking services through Business Correspondent. He expressed as follows.

To advance credit during Rabi Season this has already started. Financing to Rabi Crops must be in a massive scale. Co-operative sector has performed very well where as RRBs, Commercial Banks and Private Sector Banks have to come in a big way.

CD Ratio is in a declining trend. Only a marginal improvement in Sept. 2010 is noticed. As deposit is mobilized in greater volume, advance should be made to the marginalized section of the society.

He opined that Banking Sector will be highly successful when the poorest of the poor feel the presence of Banks.

He stated that RRBs have been strengthened by way of recapitalization; State Govt. has already infused capital so the performance must be improved. Particularly the performances of Banks in implementing SGSY must be improved and ratio of credit to subsidy must be improved to reach the level of national ratio.

He complimented the Banks who have performed well in implementing SGSY Scheme. Finally he requested all Banks to take proper steps for the progress and development of the activities of the State.

HIGHLIGHT OF SPEECH OF SHRI JUGAL KISHORE MOHAPATRA,  
PRINCIPAL SECRETARY TO GOVT. FINANCE DEPARTMENT, GOVT. OF  
ORISSA

While expressing that concern of the State Govt. have already been articulated he noticed as follows.

All of them are in the midway of third quarter, hence all banks, i.e. Public Sector, Private Sector Banks and RRBs must ensure that at the end of the financial year 60% CD Ratio must be achieved.

If all of them perform this above two objects we can serve better and in a sizeable way to the poor and needy people of the State.

**ADDRESS BY SHRI B CHAKRABORTY, GENERAL MANAGER, RBI, RPCD, REGIONAL OFFICE, BHUBANESWAR**

While requesting the Bankers to take note on observations made by Hon'ble Finance Minister in achievement of different parameters he observed as follows.

Credit is the essential input for the developmental project initiated by the State Govt., he requested the bankers' friends to be involved actively, be more creative to the people of Orissa in financing people in undertaking difficult activities.

He stated that 18 districts of the State, CD Ratio is below 60% and six districts CD Ratio is below 40%. Outcome of DCC is not imperative. Banks must regularly organize credit camps, SHGs and JLGs model of credit must be done more aggressively in the district. Controlling Heads must go a long way in discharging credit functions to the needy and weaker sections of the societies.

Credit functions must be supplemented with non-credit functions of Govt. Organizations in the districts. Banks should work in a mission model.

RBI has set up a Sub-Committee of Central Board of Directors of Reserve Bank to study the issues and concern in the MFI Sector including wage and means and interest rate charged by them to reasonable customers, the committee is to submit report within 3 months. The Committee has to study the interest rate charged by MFIs and identify the practices which impeaches borrower's interest.

It will also examine the role played by MFIs, transparency played by associations of MFIs. It will also examine the conditions on which the advances financed to MFIs will be classified as Priority Sector advance and redressal mechanism should be recommended by the Committee.

He stated that Financial Literacy is a must in the State considering financial condition of the Agricultural farmers in the State.

RBI has launched a Financial Literacy programme for children and evolved study materials for student of V, VI, VII, VIII and IX.

He requested the State Govt. to include in study curriculum by which it will go a long way. He highlighted some recommendations of High Level Committee on LBS (Lead Bank Scheme).

The Controlling Heads have to strengthen their LDMs and give them adequate resources and infrastructure and appoint LDM at appropriate level and scale.

Setting up of RSETIs in each district of the State. However, it is reported in 20 districts, no tangible programme has been made. He requested all concern to expedite the process and requested the State Govt. for allotment of land for setting up of RSETIs.

He expressed that successful implementation of Lead Bank Scheme depends upon the functioning of SLBC, DCC, DLRC etc. SLBC meeting has to be conducted regularly on quarterly basis which is not happening. Convenor bank should see that every quarter review meeting should be held without fail.

He advised the Banks to submit the SLBC data to Convenor Bank in time. The Controlling Head should take proper steps in this regard.

He expressed concern that DCC meeting of Balasore district for June and September held in the month of November, 2010 only.

It is a matter of serious concern that many banks representative including representative of SLBC not attending DCC and DLRC meetings and Banks are not submitting the LBR return in time.

In the end he expressed that today's meeting will be meaningful with good exchange of views and ideas.

### **Agenda Item No.1**

The proceedings of 120<sup>th</sup> SLBC meeting held on 18.11.2010 for the quarter ended June and September, 2010 at Bhubaneswar was taken as confirmed.

### **Agenda Item No. 2**

- (1) The credit flow to MSME Sector must be enhanced by the Banks. The pending applications under SME

sponsored by DIC to various Banks are to be disposed of at the earliest.

**ACTION : Banks/Industries Dept., Govt. of Orissa/ Directorate Textiles and Handloom.**

- (2) The Banks should finance more and more under MSME Sector and take coverage under Credit Guarantee Fund Trust Scheme for Micro Small Enterprises which help the entrepreneurs to avail Collateral free loan upto Rs.100 Lakhs which includes PMEGP also. It was noticed that average loan are covered under the Scheme in Orissa is Rs.4.31 Lacs, which is less than all Indian average of Rs.4.80 Lacs. It is the need of the hour that all Banks should make considerable efforts to cover high loan size under CGTMSE Scheme.

**ACTION : Banks/ SIDBI/ KVIC/ KVIB/ Industries Dept., Govt. of Orissa**

- (3) The Banks which have not yet established RSETI Institute were advised to open Institute without further loss of time. As advised by Ministry of Rural Development, Govt. of India, Govt. of Orissa was once again requested to allot the land free of cost to those Banks which will open RUDSETI in the district. Although SLBC already approved the setting up RUDSETI by the Lead Bank in the district as a matter of first performance in case Lead Bank expresses inability to

set up Institute in their respective Lead district, other Banks may come forward to establish RSETI in accordance with the guidelines of MORD, Govt. of India. In Ganjam & Gajapati the responsibility of opening RSETI has been given to Andhra Bank. Similarly, UCO Bank will open RSETIs in all its Lead Districts i.e. Cuttack, Puri, Dhenkanal, Angul, Balasore, Bhadrak and Jagatsinghpur. SBI will open RSETIs in their 17 Lead Districts, out of which UCO Bank has started RSETIs at Cuttack, Puri, Balasore & Jagatsinghpur and rest three RSETIs will be established very soon. Bank of India has started RSETIs functioning at Baripada & Keonjhar. Allotment of land to concerned Bank for setting up RSETIs has to be done as per specification and MORD guidelines. It is reported by LDM, Jharsuguda of RSETI for Jharsuguda district is functioning since April 2010 as TRL-SBI Self Employment Skill Development Institute, Belpahar. The building is constructed by the Tata Refractories Ltd. at Belpahar which is almost a central place for Jharsuguda district geographically

**ACTION : Banks/ PR Dept., Govt. of Orissa/  
Revenue Dept., Govt. of Orissa, NABARD**

(4) Jharsuguda district has achieved 100% Financial Inclusion. Malkangiri and Nawarangpur will be achieving 100% Financial Inclusion by March 2011. It was decided that Planning and Co-ordination Department, Govt. of Orissa with the help of other departments will conduct a sample survey in some of the districts with regard to reality of 100% achievement of Financial Inclusion. They are requested to submit the report within a month. The Finance Minister has given kind consent to bear the cost for making the sample survey.

**ACTION : Planning and Co-ordination and other Departments, Govt. of Orissa**

**(5) Implementation of the Financial Inclusion Plan in the State of Orissa**

In the Special SLBC Meeting held on 18.03.2010, the Financial Inclusion Plan (FIP) has been approved for providing banking facilities to 1878 villages having more than 2000 population as per 2001 Census. FIP is an important commitment for the banks to be fulfilled. The performance of Banks in implementation of FIP is to be reviewed in the Sub-Committee of DCC in each District on monthly basis and report of the Sub-Committee of DCC on implementation of FIP in the district has to be submitted to SLBC on monthly basis. Thereafter, SLBC will hold the Sub-Committee of SLBC to review the performance of FIP at the State level. All the LDMs of thirty districts and Controlling Heads of all Banks operating in the State of Orissa are requested to kindly do the needful. Banks have to provide banking facilities through Brick and Mortar branch or through ICT based model by appointing BC/BF. In response to the points raised by Union Bank of India, Govt. of Orissa is kindly requested to look in to the

matter regarding provision of road and telephone connectivity to the inaccessible villages to provide banking services through ICT based models. It was decided that all Banks should finalize regarding their service provider for implementing FIP by 31.12.2010.

**ACTION : Banks and LDMs**

- (6) The services of the Certificate Officer posted in Special Certificate Court at Cuttack, Bhubaneswar, Berhampur, Sambalpur and Rourkela should be effectively utilized for functioning of the Court. Banks were requested to file as many number of certificate cases in the Special Certificate Court and should have effective liaison with Certificate Officers for recovery of dues. Certificate cases pending with Special Certificate Court to be disposed of in time.

**ACTION : Banks/Revenue Deptt., Govt. of Orissa**

- (7) The minutes of the Small Committee of SLBC for enhancing credit flow to the WSHGs and redressal of issues pertaining to WSHGs held on 14.09.2010 was placed before the SLBC meeting and ratified in the SLBC meeting.

**ACTION : Banks/Govt. Line Department**

- (8) All LDMs have to submit the district-wise information to Mission Shakti Deptt. as well as to SLBC as of 31.3.2010 and onward quarters. The reconciliation of district-wise data with the SLBC data on financing to WSHGs has been a long standing issue which is to be resolved without further delay. The minutes of small committee meeting of SLBC on financing WSHGs and LDMs of all thirty districts of Orissa for reconciliation of District-wise data with the data of SLBC. All Lead District Managers of 30 districts should submit the information regarding WSHGs to SLBC by 31.12.2010.

**ACTION: LDMs/Banks**

- (9) Members of SLBC were very much concern about the exuberant rate of interest charged by the MFIs and their coercive recovery process in financing loans to SHGs. It was decided that a Sub-Committee under the Chairmanship of CGM, NABARD will be formed to look after the operations of MFIs in Orissa and the Sub-Committee will submit its report to RBI within one month.

**ACTION : Banks/NABARD/Govt. of Orissa**

- (10) The Banks are advised to achieve the target set to them under Self Employment Mission for the year 2010-11. It may be noted that State Govt. has been giving maximum importance on State Employment Mission.

**ACTION : Banks**

- (11) Regarding registration equitable mortgage, i.e. mortgage of deposit of title deeds to prevent fraudulent transaction with minimum charges, the matter is under consideration of Govt. of Orissa. Govt. of Orissa was requested to look into the matter.

**ACTION : Revenue Deptt., Govt. of Orissa/  
Finance Deptt., Govt. of Orissa**

- (12) For Stamp duty of reconveyances of waiver of charges under Section 4(i) of the OACOMP (Bank) Act 1995 on landed properties, Revenue Deptt., Govt. of Orissa was kindly be requested to examine the matter.

**ACTION : Revenue Department, Govt. of Orissa**

- (13) Recommendation of working group of K.C Chakraborty committee on rehabilitation of Sick Micro & Small Enterprises is to be followed by all concerned including Banks. RBI, Banks, Industries Department, Govt. of Orissa were requested to look into the matter.

**ACTION : RBI/Industries Deptt., Govt. of Orissa/  
Banks**

- (14) The minutes of the sub committee of SLBC for increasing credit flow to Handloom & Handicraft sector held on 21.09.2010 was placed before the SLBC and was ratified. All concerned are requested to initiate action in the matter.

**ACTION : Banks/ Govt. line Department.**

- (15) The minutes of the Sub- Committee of SLBC for increasing flow of credit to Agriculture & Allied activities held on 1.11.2010 at Bhubaneswar was placed before the SLBC and was ratified.
- (16) The performance of Banks as a whole under Agriculture Allied Sector being 32% was not at all satisfactory. Hence in the 120<sup>th</sup> SLBC meeting held

on 26/5/2010, it was decided to constitute a Small Committee under the Chairmanship of Principal Secretary/ Commissioner cum Secretary to Fisheries and Animal Resources Development Department, Govt. of Orissa to look into the matter. The minutes of Small Committee on enhancing credit flow to Agril. Allied Sector held on 24.09.2010 at Bhubaneswar is ratified.

**ACTION : Banks and Govt. Line Departments**

**Agenda Item No. 3**

**FRESH ISSUS**

**A. Issue raised by Panchayatiraj Dept., Govt. of Orissa**

Banks were requested to gear up their machineries to achieve physical as well as credit mobilization target for the year 2010-11. Banks were requested to take all possible steps to achieve the National Target of credit subsidy ratio to 3:1. The applications sponsored to Banks during 2009-10 and kept pending with the Banks was to be treated under the target of 2010-11 and Banks were requested to sanction and disburse the same.

**ACTION : Banks/Govt. Line Departments.**

## B. Issue relating to RSETI (Rural Self Employment Training Institute)

Permissive possession of land to be provided inside the premises of ITIs/ Polytechnics for establishing RSETI in the district.

- In case of non availability of idle land inside the premises of it is and Polytechnics, the Lead District Manager of the Sponsoring Bank should take up the matter with the District Administration for identify of land.
- The Lead District Manager shall apply for an alienation of the land with appropriate authority.
- The land should only be transferred in the name of the Sponsoring Bank for the purpose of setting up RSETI.

It was decided RSETIs have to be set up as per Model developed by MORD with detailed guidelines for setting up Rural Institute.

**ACTION : Banks/Govt. Line Departments.**

## **2. Orissa Scheduled Caste and Scheduled Tribe Development Finance Co-operative Corporation Limited.**

- o The Scheme of Self Employment Scheme for rehabilitation of Manual Scavenger (SRMS) successfully implemented in the State of Orissa and all the eligible Manual Scavengers were

rehabilitated by 31.3.2010. This was possible due to coordinated and cooperative approach between the officials of the Govt. Line Departments and Banks.

- o The applications sponsored under OSFDC to Banks during the financial year 2009-10 kept pending with the Banks may be sanctioned and disbursed which will be included in the target set under 2010-11.
- o The target for the year 2010-11 under Scheduled Caste and Scheduled Tribe (DTDP) Sector is given in Annexure - XI of 120<sup>th</sup> SLBC Agenda Book (Page No. 81-82). Banks and SC/ST Department should take proactive steps for achievement of the target set for SC/ST Sector under 2010-2011.
- o It has been decided to finance SC individual applications where group applications are not available but the individuals should not be more than 30% of the total target of the district.

**ACTION : SC/ST Department, Banks, LDMs**

2. Prime Minister's Employment Generation Programme

Regarding allotment of target to SBI on proportion to the branch net work.

- o And participation of Private Sector Banks operating in the State implementing PMEGP, removal of anomalies of fixing of target at the district level and State level, varied practices of allocating targets to bank branches in different districts, revision of target more than once and delayed in sponsoring of applications to the branch with the financial target allocated to bank placed with nodal branch, the KVIC/Industries Department of Govt. of Orissa was requested to look in the matter immediately for smooth implementation of PMEGP in the State of Orissa.

ACTION : KVIC/KVIB/Industries Dept., Govt. of Orissa & Banks

### **Issue raised by Fisheries and ARD Deptt., Govt. of Orissa**

Poultry Estate is a newly proposed Centrally Sponsored Scheme of Govt. of India. The objective of the scheme is to encourage small and marginal farmers, educated unemployed youth, women, socially and economically backward class of society to take up activities of the poultry sector in a compact area by providing required infrastructure and related facilities.

The first step of the Poultry Estate is allotment of land and other facilities required for undertaking poultry farming in a common place for small farmers.

The second step is the constitution of a state Level sanction and monitoring committee under the chairmanship of Principal Secretary of ARD Department of the State.

The third step for the Poultry Estate is to identify a facilitator by the SLSMC. Banks and NABARD are requested to make availability of credit support.

### **Issue raised by RBI**

It has been brought to the notice of RBI by the Secretary, Govt. of India, Ministry of Minority Affairs that banks are not opening 'No Frill' accounts in favour of students from minority communities who wish to avail of the scholarships being awarded by the Ministry through the State/UT Governments. This is causing hardship to the applicants for scholarship schemes of the Government and is inviting criticism.

Banks are advised to ensure opening of 'No Frill' accounts or other accounts for students from minority communities or other disadvantaged groups, when they approach banks, for availing various scholarships or other benefits offered by the Government. However, while opening such accounts, KYC norms as appropriate may be followed for the purpose.

### **ACTION : Banks**

### **Issue raised by NABARD**

As already indicated regarding the poultry estate proposed by the State Govt. and Page No. 20 to 21 of 121<sup>st</sup> SLBC Agenda, Banks were requested to take steps regarding providing credit support to the proposed poultry estates.

### **ACTION : NABARD/Banks**

## **Issue raised by Canara Bank**

With reference to Page No. 21 of 121<sup>st</sup> SLBC Agenda regarding issuance of Income Certificates for production to the Banks by the eligible candidates to benefit under interest subsidy of Education Loan during the period of moratorium, it was decided

that Tahasildar and Additional Tahasildar are the competent authority to issue such Income Certificates.

### **ACTION : Revenue Deptt., Govt. of Orissa/Banks**

#### **Agenda Item No. 4 - Banking Key Indicator of Orissa as on 30.9.2010**

The Banks have to increase the CD Ratio which is showing decline trend as compared to March, 2010. The Public Sector Banks Like Andhra Bank, Bank of Maharashtra, Canara Bank, Corporation Bank, IDBI Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab and Sind Bank, State Bank of Travancore, Syndicate Bank, UBI, UCO Bank and Vijaya Bank have not achieved National parameters of 60%. Private Sector Banks like ICICI Bank, Rajasthan Bank, ING Vyasa Bank, Indusind Bank and South Indian Bank have not achieved National Parameters. Only RRB that is Utkal

Gramya Bank have achieved National parameters. So the CD Ratio of these banks has to be improved.

DRI Advance must be improved. Except Indian Bank, IOB and PNB, no bank has achieved National Parameters. LDMs of Angul, Cuttack, Deogarh, Dhenkanal, Gajapati, Ganjam, Jagatsinghpur, Jajpur, Kandhamal, Kendrapara, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nuapada, Puri, Rayagada, Sambalpur have to play proactive role and should take all possible steps to improve their CD Ratio.

**ACTION : Banks mentioned above/All Banks/LDMs of Districts mentioned above.**

### **Agenda Item No. 5 - Recovery**

The overall recovery position as of 30.9.2010 is not satisfactory, i.e. 54.61%. The percentage of recovery of IRDP/SGSY/PMRY as of 31.3.2010 was 43.10% and 20.73%.

Govt. machineries were requested to render adequate help and assign in organizing recovery camps to improve the performance of recovery for better recycling of funds. As a matter of fact, loan recovery stands as a barrier for credit growth in the State.

**ACTION : Banks/Govt. line Departments****Agenda Item No.6 - Review of performance under Annual Credit Plan**

The performance of Banks under ACP 2009-10 is 77%. The performance of Banks as a whole under Allied Sector being 14% is very precarious. LDMS of districts like Bhadrak, Dhenkanal, Gajapati, Jajpur, Malkangiri, Nayagarh and Rayagada should take proactive steps in close coordination with Govt. line departments and Banks to improve their ACP performance as they have not achieved 60% under ACP. Controlling Heads of Banks should take appropriate steps to improve performance under ACP.

**ACTION : Bank/LDMS/Govt. line Departments.****Agenda Item No. 7 - Progress under JLG**

Performance in financing JLGs in the State is very poor. Banks have to take proactive steps.

**ACTION : Banks****Agenda Item No. 8 - Progress under Women Self Help Groups (Mission Shakti)**

Credit linkage to WSHGs is definitely an outstanding achievement of 530596 Nos. to an amount of Rs.2479.34 Crores. Tuesday must be earmarked as SHG day throughout the State. Rural and Semi Urban branches have to display a sign board for the purpose.

**ACTION : Banks/Govt. Line Departments/LDMs**

**Agenda Item No. 9 - Review of performance under PMEGP and SGSY.**

Banks have to achieve the PMEGP target set for 2010-11. KVIC, KVIB and Industries Department, Govt. of Orissa and all concerned banks must work in tandem for achieving under PMEGP.

All Banks and Govt. Line Departments should work in tandem to increase subsidy credit ratio and per-capita investment under SGSY. As on 30.9.2010 Recovery under SGSY is only 43.10%. Govt. line departments should use their good offices to help to improve in recovery.

**ACTION : Banks/Govt. Line Departments**

## **Agenda Item No. 10 - Credit flow to Handloom and Handicraft Sectors**

Banks have to enhance hassle free credit flow to Handloom weavers on priority, issue more and more ACC. Banks have to finance SHGs promoted by Department of Directorate to Handicraft and village and Cottage Industries, Orissa.

**ACTION : Banks/Govt. Line Departments**

## **Agenda Item No. 11 - Progress under SJSRY**

As on 30.9.2010 out of 1365 applications- 1180 cases have been sanctioned and 1134 cases have been disbursed. Banks are requested to implement the scheme sincerely for upliftment of urban poor.

**ACTION : Banks/ LDMs**

## **Agenda Item No.12 - Performance of Banks under SC/ST/Scavenger/ITDA**

Applications sponsored by OSCS/DFCC Ltd./OSFDC under SC/ST/Scavenger/ITDA should be financed with utmost sincerity for upliftment of weaker sections.

**ACTION : Banks/Govt. Line Departments****Agenda Item No. 13 - Performance under KCC/SCC/ACC**

Banks were requested to take all possible steps and measures to achieve the target under KCC/SCC/ACC for the year 2010-11. Up to 30.9.2010, 22932 SCC and 726 ACC have been issued.

**ACTION : Banks/LDMs****Agenda Item No. 14 - Performance under Pisciculture**

As on 30.9.2010, 3176 applications were pending with various Banks. Banks are requested to finance high value fisheries proposals promptly.

**ACTION : Banks/Govt. Line Departments****Agenda Item No. 15 - National Housing Loan, Home Loan, Rural Housing Finance, Finance to Ex-Servicemen and Finance to Minority Community**

Banks have to improve their performance and correct reporting should be made by Banks in respect of finance to the above sections.

**ACTION : All Banks**

**Agenda Item No. 16 - Education Loan**

Banks should give utmost priority to Education Loan and finance more and more to this Sector.

**ACTION : All Banks**

**Agenda Item No. 17 - Progress under National Horticulture Board**

Bank-wise pending list is given in the Annexure of Agenda. Banks have to sanction and disburse immediately.

**ACTION : All Banks/NHB**

**Agenda Item No. 18 - Financial Inclusion**

Financial Inclusion in reality should be properly verified by LDMs. LDM of Malkangiri should take steps for 100% Financial Inclusion.

**ACTION : All LDMs****Agenda Item No. 19 - Progress under Reverse Mortgage Scheme**

It is observed that loans under the scheme is not picking up in Orissa. All Banks were requested to take necessary steps for publicized the scheme. All Banks were requested to extend loan to the Senior Citizens who are interested to avail loan under Reverse Mortgage Scheme.

**ACTION : All Banks**

Meeting was ended with vote of thanks by Mr. C.P Das, Chief Officer, SLBC, Orissa.