

**PROCEEDING OF 123RD SLBC MEETING HELD ON 26.05.2011 AT
BHUBANESWAR**

The 123rd SLBC Meeting of Orissa was held on 26.05.2011 at Bhubaneswar under the Chairmanship of Shri Ajai Kumar, Executive Director, UCO Bank. Among others, it was attended by Shri R.N Senapati, Development Commissioner and Agril. Production Commissioner, Govt. of Orissa, Shri J.K Mohapatra, Principal Secretary to Govt., Finance Department, Govt. of Orissa, Shri B.K Bhoi, Regional Director, RBI, Regional Office, Bhubaneswar, Shri M.K Mudgal, CGM I/C, NABARD, Shri C.H Narasimha Rao, CGM, State Bank of India, Local Head Office, Bhubaneswar and Shri S.K Dey Purkayastha, General Manager, UCO Bank-cum-Convenor, SLBC, Orissa. The list of participants is annexed.

Shri S.K Dey Purkayastha, General Manager, UCO Bank and Convenor, SLBC, Orissa welcomed Shri Ajai Kumar, Executive Director, UCO Bank and Chairman, SLBC, Orissa, Shri R.N Senapati, Development Commissioner and Agril. Production Commissioner, Govt. of Orissa, Shri J.K Mohapatra, Principal Secretary to Govt., Finance Department, Govt. of Orissa, Shri B.K Bhoi, Regional Director, RBI, Regional Office, Bhubaneswar, Shri M.K Mudgal, CGM I/C, NABARD, Regional Office, Bhubaneswar and Shri C.H Narasimha Rao, CGM, State Bank of India, LHO, Bhubaneswar, participants from Govt. Departments/Agencies and Banks. While welcoming all the dignitaries off and on the dais he observed as follows;

“SLBC Meeting is being convened in the first quarter of the new Financial Year. While all should definitely look back and take lessons from what has been done or not done, all should concentrate more on the task on hand for the coming year.

The State has been pursuing development agenda to achieve a sustainable growth, accelerating overall development and faster rate of poverty reduction.

Orissa achieved a real average growth rate of 9.57% during the first three years of 11th Plan (2007-12). It also achieved 4.8% growth in Farm and Allied Sector growth rate during the period.

It is heartening to note that Orissa, a hitherto economically backward State is on the thresh-hold of rapid industrialization. A large number of Steel, Aluminum and Power Plants are being set up resulting in huge capital inflow. This is the time when Banks and Financial Institutions are expected to play a major role in the developmental process of the State.

While express happiness he expressed that Banks have played the role expected of them. Key Banking Indicators show that the Commercial Banks in Orissa have achieved all national parameters as on 31.03.2011, except DRI and advances to Weaker Sections. Under ACP also 98% achievement has been recorded. Hence an all round performance has been shown by the Banks. In the coming year, Banks have to strive to exceed the goals set for all sectors.

It was understood that the Plan Expenditure for the State for the Year 2011-12 is around Rs.15,200 crores. As against this, the Annual Credit Plan for the Year 2011-12 is of the magnitude of Rs.25,200 crores. This only highlights the hugely important role played by the Banks in the States' development. The achievement of such a high Budget is a great challenge before the Bankers. Unless coordinated and concerted efforts are taken from the very beginning, it would be very difficult on the part of the bankers to achieve the same. He requested both Government line Department and Banks to take all necessary steps to achieve the same for the financial year 2011-12.

A lot of emphasis has been placed on Agriculture and its allied activities in the ACP. A Small Committee meeting of the SLBC was held on 20th May, 2011 to review achievements under ACP during the last year and deliberate on ways and means to reach the target this year. The thrust area before the bankers this year shall be

Agriculture – Crop loans, Animal husbandry, Agro based industries, Pisciculture etc, then MSME, & Govt. sponsored schemes such as PMEGP, SGSY, SJSRY, WSHG, etc.

Targeted Rural Initiative for Poverty Termination and Infrastructure (TRIPTI) a World Bank Project is implemented in our State under NRLM in 38 Blocks and 10 Coastal Districts. Banks have to extend all cooperation for implementation of this important poverty alleviation programme of the State.

The inclusive growth is a challenge as well as opportunity for India in the next decade. Banks must rise to the challenge if India is to emerge as an economic power in the years to come. While Banks have to accomplish the task of providing Banking Services through ICT based model by appointing BCs to 1878 villages having more than 2000 population by March, 2012 steps are already underway for evolving action plan for remaining un-banked villages. The central Government now wants that all villages should be covered in a systematic way under structured Financial Inclusion Plan. The government has also desired that SLBC wise/ Bank-wise allocation of 1000 plus population villages be submitted to the Department of Financial Services on an urgent basis. Action on this point would have to be decided during the course of the day's deliberations.

The recovery performance of Banks continues to be poor. The overall recovery percentage as on 31/03/2011 is 49.59%. The position of recovery under Government sponsored schemes is even worse with recovery under PMRY being the lowest at 19.22%. Because of poor recovery, large number of loans is being classified as NPAs and Banks have to take a hit on their balance sheets because of this. He requested the Govt. Line Departments to extend all cooperation to improve the recovery performance of banks for recycling of funds to be lent further.

At the end he made a fervent appeal to all participants. Despite best efforts, SLBC Meeting could not be held on 17th May, 2011 as initially planned under calendar of programme. The reason was the old one of not receiving the SLBC data on time from

majority of the Banks. He appealed to the Controlling Heads of Banks to please ensure that required data is submitted to the SLBC secretariat within 20 days of the end of the corresponding quarter for ex. For the quarter ending June 2011 data MUST be submitted by 20th July, 2011. With CBS in place in all Banks, data submission should not be a problem. If this cooperation is not received, it would not be possible to hold the meeting as per the proposed calendar.”

Finally, he once again welcomed all to this meeting and requested Shri Ajai Kumar, Executive Director, UCO Bank & Chairman, SLBC, Orissa to give his keynote address.

HIGHLIGHTS OF KEY NOTE ADDRESS BY SHRI AJAI KUMAR, EXECUTIVE DIRECTOR, UCO BANK AND CHAIRMAN, SLBC, ORISSA

While expressing pleasure in attending the 123rd SLBC Meeting of Orissa, he stated as follows;

“Despite slower growth in 2007-08, 2008-09, India has continued to be a fast growing economy of the world. There has been a significant progress in the economic front and the country’s economy has been performing consistently well though Inflation continues to be a cause of concern. He was very happy to note that the performance under ACP of the State for the year 2010-11 was 98% as a whole. However, it could have been better since it was 2% less than the figure budgeted.

In order to contain inflation, Repo & Reverse Repo have been increased by 50 basis points to 7.25 and 6.25% respectively with effect from 3rd May 2011 by Reserve Bank of India. This will make credit costlier and affect growth. Reserve Bank is taking steps time and again to contain inflation with the result that people who want to borrow are getting funds at a higher cost.

Orissa is blessed with five important types of resources like natural, mineral, agriculture, biological and human resources. It is heartening to note that due to effective measures taken by the Govt. of Orissa, the state is making rapid strides in the field of infrastructure, agriculture, tourism and industry. Banking community has playing important role in all round growth in Orissa providing finance to all the segments.

In view of large scale industrialization taking place in Orissa, Banks have got ample scope in financing industrial units including SME which is the 2nd largest employment provider and which has high potential for export. Banks operating in the State are determined to take up viable projects promptly which will definitely take the economy of Orissa to a greater height. For providing timely and adequate finance to SME sector, cluster approach has to be given priority as it offers possibility of reduction in transaction cost. He highlighted that the SME segment actually contributes to 35% of the GDP growth of the country. In about 3 years time about Rs.70000 Crores of revenue will come from this segment. It is one segment which all banks are looking forward to finance. Banks should take advantages of Credit Guarantee Trust Fund for MSME (CGTMSE) which helps the entrepreneurs to avail collateral free loan up to Rs. 100 Lacs under MSME (Micro, Small and Medium Enterprises).

Banks have launched SME loan Hubs for processing loan proposals in all major centers where ever SME Units are present. In these hubs, bank will have credit expertise. Applicants will be disposed off within a limited time which is very important. So far as UCO Bank is concerned few such SME loan hubs have been opened at major Metro Centers and it is planned to open one such SME loan hub at Bhubaneswar also in the near future.

The National Food Security Mission which aims to enhance the food grain production is operating in 15 districts for paddy and all 30 districts for pulse cultivation. Banks

and Agriculture Department should work in tandem to make the National Food Security Mission successful in the State of Orissa.

Apart from production of food grains and commercial crops horticulture and floriculture have got immense scope and potential in the State. All the pending proposals sponsored by NHB (National Horticulture Board) are to be disposed of by the banks within a specific time frame.

Financing Pisciculture is to be given importance by the Banks to enhance fish production in the State. While going through the agenda, it is observed that lot of proposals under Pisciculture is lying pending with various banks. He

appealed to all that those proposals should be disposed of within the stipulated time.

He said the performance of Banks under ACP 2010-11 as on 31/3/2011 is 98% which is satisfactory but appealed that Banks should aim to do better during this year.

On year to year basis deposit of Commercial Banks have grown by 23.26% and advances by 23.66% which is satisfactory.

Under the umbrella of Mission Shakti of Govt. of Orissa, more than 5 Lacs WSHGs (Women Self Help Groups) have been credit linked with the Banks and more than 5 million women have been involved in the movement. It is definitely a commendable achievement. He urged upon the banks and financial institutions to increase the credit linkage to Self Help Groups, particularly Women Self Help Groups and thereby reach out to a large number of people. This will go a long way to achieve empowerment of women which is one of our important social objectives.

He expressed that, Banks have been actually going ahead in ICT Based financial inclusion through BC or CSP. If SHGs can be employed these groups can form a very effective arm in Financial Inclusion.

During the programme year 2010-11, under PMEGP, Banks have achieved more than 100% of the margin money target. This is indeed an impressive performance.

The overall CD ratio of State stands at 65% which is above the national parameter of 60%. The priority sector advance of Commercial Banks to total advances of Commercial Banks is 54.70% as against the National Parameter of 40% and this also is quite impressive.

Financial Inclusion and establishment of RSETIs are two important vehicles for inclusive growth and development of rural economy. He said that, 15 RSETIs have started functioning in 30 districts of the State. The remaining Lead Banks in rest of 15 districts would need to take expeditious steps to set up RSETIs as per the plan projection. As advised by the Ministry of Rural Development, Govt. of Orissa is requested to allot the land free of cost for setting up these RSETIs.

All owe responsibility to the people of the marginalized and vulnerable sections of the people who are at the bottom of the pyramid. Our economic growth should be inclusive and Financial Inclusion will solve many problems of the society.

Banks are requested to implement the FIP (Financial Inclusion Plan) for rendering Banking Services mostly through BC in 1878 villages having population of more than 2000 as per 2001 census in right spirit. It should be completed within time frame i.e. by March 2012.

Support to Banks for recovery drives may be extended by the State Government and the recovery teams may include Government officials. Cases of willful defaults, absconding/miss-utilization of loan/subsidy amount in respect of Government sponsored schemes should be treated as an economic offence and dealt with accordingly. The recovery in the Govt. sponsored schemes continues to be very poor. Banks look forward to the support of the Govt. in this matter.

While concluding he said that the future of Orissa is very bright due to industrialization coming up in large scale and Bankers have to be prepared thoroughly to be involved in the process of industrialization. He extended gratitude to all those

who have been providing unstinted support to the SLBC of our State which have become the vibrant forum to take up issues related to the Banks for the economic upliftment of the State.”

Lastly, he once again appealed the Bankers and dignitaries from the Government line Departments to jointly work hard for the progress and prosperity of the State.

**HIGHLIGHTS OF THE SPEECH OF SHRI R.N SENAPATI, IAS,
DEVELOPMENT COMMISSIONER AND AGRICULTURE PRODUCTION
COMMISSIONER, GOVT. OF ORISSA**

While expressing happiness in attending the SLBC Meeting of Orissa for so many years, he stated as follows:

“In the SLBC Meeting all are meeting regularly. Few days back Special SLBC Meeting was held to review the credit performance in Agril. and Allied Sector. He emphasized that performance of banks and their role in the development of the State has been quite commendable, barring two areas where efforts need to be strengthened so as to reach a higher rate of growth. It has already been mentioned that State has been able to achieve an annual average growth rate of 9.57% in the 1st three years of 11th five year plan. This year is the last year of the 11th five year plan and State is preparing for the 12th five year plan. Now at this juncture it is very essential that the Banks and various other Financial Institutions should also prepare a strategy so as to meet the challenges of the future so far as our State is concerned.

There are many areas where we have to improve our position. He said that, in the CD Ratio, there has been some improvement as compared to last year but it is a very marginal improvement. As of 31.3.2009, CD Ratio was 64.43% and as of 31.3.2010 it was 65.28%. What is necessary is to take it further. He stated that in respect of

Private Sector Banks, their CD Ratio has declined from 70.34% to 64,99%. In case of RRB there has been improvement and in case of Public Sector Banks, there is very nominal improvement from 56.34% to 56.67%.

He stated that it is important to extend coverage of credit to the Agriculture and Allied Sector. He observed that the percentage of Agricultural Advance to total Advance has declined from 31.59% to 31.18%. There has been a marginal decline. It should have improved because we are giving emphasis on Agriculture and Allied Sector.

He said that while going through the figures of Pisciculture he found that the number of applications sponsored to banks was 4897, out of which applications accepted were 3350 and only 697 applications have been sanctioned. Orissa is a State where there is tremendous potential for Pisciculture development and unless we extend credit to this Sector - this Sector can not improve. He requested the banker friends to give emphasis on the Agriculture and Allied

Sector. It is very easy to give credit to big industries which can absorb thousands of Crores whereas the small and marginal farmers who constitute almost 83% of the total farmers in the State - require Banker's help. They deserve attention. He asked Banks to give attention and support to these sectors which will certainly help the process of development in the State.

SME advance in absolute amount has gone up but he felt that there is much room for improvement.

He emphasized for 100% achievement in Financial Inclusion Plan in the State. As per RBI direction, Banks have to extend banking services to 1878 villages having population of more than 2000. Last year, against the target of 998 villages, Banks have been able to cover 836. This year, i.e. in 2011-12 the target is 880 villages. All should take immediate steps to extend banking facility to the above number of villages. Apart from that he hoped that all 30 districts have achieved 100% Financial

Inclusion by of 'No Frill A/Cs'. If any district is left out it should be quickly covered so that it could be said that all 30 districts have been covered. At the same time what is more important that it is not mere opening of accounts but actually providing banking services. Principal Secretary, Finance has been trying that under various Govt. Schemes the payment should be made through Banks so that there would be no scope for any delay - Even payment under NREGS. There are some districts where SBI has already introduced Banking correspondents and other banks are also coming forward. He requested all the Bankers to introduce the BC Model in all the villages so what ever schemes are there even payment made under social security measures like old age Pension, and Agriculture and other advances can be pushed through under the BC Model.

He highlighted another area which deserves immediate attention viz. credit to Women Self Help Groups. Although there has been substantial progress much more has to be achieved in the area of Women SHGs. In the Rural area once the Banks give them support they will certainly take part in the process of Rural development. Banks must strengthen credit linkage to Women Self Help Groups so that they will bring a big change in the Rural Development.

At the end he welcomed all present in the meeting and expected a healthy cooperation from all of them so as to achieve the goals of development in the State.

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

While welcoming the dignitaries present in the meeting he stated as follows:

“The Development Commissioner has already laid out the State perspective and bank’s prospective has also been articulated very effectively. Issues are already there. He wanted to highlight two things.

The first was regarding the Financial Inclusion issue. Govt. is contemplating to allocate districts to the willing banks for the purpose of handling Govt. payments like

NREGS and Social Security payments. He said that, Panchayati Raj Secretary would be writing to Banks but even before that he would like to ascertain from banks which areas they would like to cover. Basically Govt. wants to match Banks preferences to Govt. requirements. He requested the Banks to take this opportunity and indicate the preferred district where they would like to handle this business. One must be very careful because the payments have to be delivered almost with no time lag. Our State is lagging behind in achieving Financial Inclusion and he hoped that Banks will move faster. By the end of the Calendar year Banks should finish task of achieving Financial Inclusion to promote inclusive growth in the State.

The second issue he highlighted was regarding the Micro Finance Sector. The issues have been broadly discussed in 121st SLBC and a Sub-Committee has been formed. The Sub-Committee could not finalize the report and in the meanwhile events have overtaken the Committee's report. RBI has already issued very comprehensive guidelines on the regulation of the incorporated MFIs. Now the strategy of regulation of this sector is virtually very clear to all of us. The Incorporated Micro Finance Institutions, the NBFC MFI will be regulated by RBI as per the RBI guidelines. The un-incorporated MFI will be regulated under the proposed bill of the Govt. of India. That clarity has now come but since the major Micro Finance

Institutions operating in the State are now covered under the RBI guidelines, he requested the Lending Banks to exercise much greater degree of scrutiny and monitoring of this sector. This sector has come under lot of attack for various reasons but there is also a thinking that they are a major plank of financial inclusion effort. He expressed that without close scrutiny and monitoring by the lending banks, RBI regulations will be very difficult to implement. He opined that if the Lending Banks do some kind of checks occasionally to see if the norms which are prescribed by RBI met by the MFIs, it would greatly benefit, particularly in view of the the fact that media is very active in this sector. A stray case of an unfortunate incident is tried to be linked with MFI lending. It may not be the fact but it gets highlighted. It is a hypersensitive Sector. He requested all to be more vigilant in this area so that the MFIs are well regulated and they also fulfill their mandate.

As far as the un-incorporated MFIs are concerned; all will have to wait for the Central Govt. legislation to come.

Among other banking items he pointed out that there is remarkable stability in most of our banking parameters. Whether it is CD Ratio, whether it is ACP, whether it is Priority Sector lending or whether it is Recovery parameters are stagnant - some how this not a happy situation. A dynamic system is one where the parameters keep changing. There is a need to break this circle.

He expressed that there are two sides of the credit market, the supply side and the demand side. Both the sides have to be hyper active, otherwise the uneasy equilibrium will continue, which is not a very happy situation. “

At the end he requested all to continue to give their suggestions for deliberations.

**HIGHLIGHTS OF THE SPEECH OF SHRI B.K BHOI, REGIONAL DIRECTOR,
RESERVE BANK OF INDIA, REGIONAL OFFICE, BHUBANESWAR**

While critically analyzing the performance of the Banks, the Regional Director of Reserve Bank of India, Shri Bhoi observed as follows.

1. Progress by banks in providing banking services in the villages having population of more than 2000:

As per the information submitted by the banks as on 31.03.2011, out of 1878 identified villages, banking service has been provided in 752 villages (opening of bank branch-8, through BC- 698, by other modes like mobile vans-46). Few of the banks after expiry of one year of allocation of the villages have reported now that some of the villages allotted to them are not in their service areas. Such issues should have been resolved in consultation with respective DCCs much before and reported to SLBC.

RBI has to take up the matter with the CMDs of the banks where progress has not been satisfactory in this regard. They have assured us that banking coverage will be provided in these villages within the due date. What the controlling heads in our area should ensure is that the banking facilities are provided on or before the due date i.e. 31.03.2012.

Recently RBI officers visited few of the identified villages (12) to have a reality check on the extent of financial inclusion qualitative and quantitative, implemented therein in the wake of reported extension of

banking services through BC model by the concerned bank (SBI) in village. The findings revealed that a lot more has remained to be done. Lack of proper coordination between the base branch and the CSP/BC, delay in uploading the application for opening accounts, poor visibility of the branch officials in the villages serviced by the appointed BC/CSPs are some of the features observed. Therefore, the

controlling heads of the banks are advised to personally monitor the progress of FIP and fine tune the process further in their allotted villages. It is reiterated that FIP is incomplete without extension of credit, remittance and insurance facilities.

2. **Bank can now open 'Small Account' on the basis of officially valid documents which includes** job card issued by NREGA duly signed by an officer of the State Government or the letters issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number. This would facilitate the pace of inclusion of the poorest of the poor strata of the population.
3. **CD ratio** of the State (year on year by March) has declined by 2% from 65% as on 31.03.2010 to 63% as on 31.03.2011. CD ratio of six districts are below 40% viz. Jagatsingpur(32%), Malkangiri(22%), Gajapati(36%), Sambalpur(21%), Deogarh(31%) and Kandhamal(39.50%). This is a matter of concern for us. The controlling heads of the banks need to put emphasis on credit the way they put efforts for deposits mobilization
4. **Malegam Committee Recommendations:** As all are aware, in the sub-committee of the Central Board of the Reserve Bank (Chairman: Shri Y. H. Malegam) was constituted to study the issues and concerns in the MFI sector. The committee has already submitted its report. The recommendations of the committee have been discussed by RBI with all stakeholders. In light of the feedback received it has been decided to accept the broad framework of regulation recommended by the committee. Accordingly, it has been decided to regulate microfinance

sector by the Reserve Bank as a separate category. We are in the process framing regulatory guidelines.

5. **Redefining the Priority Sector** As recommended by Malegam committee, RBI has decided to relook at the definition of the priority sector particularly when bank finance was being routed through other agencies. A committee to reexamine the existing classification and suggest revised guidelines with regard to priority sector lending classification is proposed to be constituted.
6. **A recent study undertaken by Regional Offices** of NABARD and RBI in select States (including Orissa) has revealed that compounding of interest on quarterly/ half-yearly basis, and not as per cropping/ harvesting cycle/s on agricultural loans, was prevalent in some RRBs. In certain cases, NABARD has also observed that RRBs have been using the software package developed by their sponsor banks, which has no provision for segregating interest from principal before applying the interest for the next period. He advised all the banks to ensure that interest on agricultural loans falls in line with the extant instructions on the subject issued by them.
7. **A study on the extent of compliance** by select banks in Orissa with the RBI instructions in regard to collateral free lending up to Rs.10 lakh to the MSE was conducted by us jointly with the Directorate of Industries, Govt. of Orissa. Out of 100 sample accounts scrutinized, only in 23 cases RBI instructions were adhered to by the banks. The study has also revealed that RBI instructions on mandatory collateral free lending to MSE segment have not percolated to the desired extent at the branch level. The controlling heads of the banks are advised to ensure scrupulous adherence to RBI instructions.
8. **National Institute for Rural Development, Hyderabad (NIRD)** was engaged by RBI for undertaking /verification of the status of the borrowers and end use of funds to evaluate the efficacy of the

Government Sponsored Schemes (SGSY, PMEGP, SJSRY, DRI, etc) on a sample basis. Ten states including Orissa

was covered in the sample. The bottlenecks for successful implementation of the various schemes have been identified by the study are as under:

- (i) The outreach challenges still exist when it comes to reaching out to people in remote areas or with low economic and social status.
- (ii) Subsidy oriented programmes are inefficient in alleviating poverty and often cornered by the people who are above the poverty line.
- (iii) There is general institutional resistance among the bankers for lending to the small borrowers because of low recovery

Executive summary of the study report was forwarded by us to the SLBC Convener bank for dissemination and circulation among the member banks.

9. **Setting up of Central Electronic Registry:** Pursuant to the announcement made by the Finance Minister in the budget speech for 2011-12, Government of India, Ministry of Finance notified the establishment of the Central Registry. The objective of setting up of Central Registry is to prevent frauds in loan cases involving multiple lending from different banks on the same immovable property. This Registry has become operational on March 31, 2011.
10. **Establishment of FLCCs and RSETIs:** Banks were advised to set up FLCCs (Financial Literacy and Credit Counseling Centers) at all levels viz. block, district, town and city levels in order to have maximum coverage. However, the number of FLCCs opened in our State was only three (by UCO bank in Balasore, Bhadrak and Anugul) and our reality check revealed that not much of activities are being carried out in the FLCCs already established. Banks need to come up in a proactive manner for setting up of FLCC at least one in each district at least in first phase. Setting up of RESTIs (Rural Self Employment Training Institute) in the remaining 15 districts has also to be expedited.

11. Holding of SLBC meetings: We observe that in spite of circulation of SLBC calendar of activities, we were unable to adhere to the time schedule prescribed therein. The agenda papers for the meeting are being sent at the last moment (2-3 days prior to the meeting date). This is not acceptable. It needs to be ensured that the meetings of the SLBC are held regularly on a quarterly basis adhering to the calendar of events circulated already. The agenda papers should invariably be circulated among the members at least fifteen days before the date of the meeting for meaningful discussion thereon.

**HIGHLIGHTS OF THE SPEECH OF SHRI M.K MUDGAL, CHIEF GENERAL
MANAGER IN-CHARGE, NABARD.**

While complementing all the Banks operating in the State in achieving ACP Targets during last three years, he highlighted as follows;

“In the years 2007-08, the flow of credit to the Priority Sector was around 7000 Crores and within a period of three years, i.e. by March, 2011, the figure was 16111 Crores which was around 2.5 times of that. **It was the best amongst the neighboring States.** For the current financial year 2011-12, the target given is around 25000 Crores. He was sure that all bankers friend, the way they worked in last three years will make tremendous efforts to achieve that. This year the growth under non-farm sector is almost doubled. He said that in non-farm sector financing small entrepreneurs, Micro Entrepreneurs, this doubling of credit to the non-farm sector would definitely help in creating much more local employment opportunities and Small and Micro Entrepreneurs will remain in Orissa. While there have so many good things on credit flow there has been some areas of concern. The flow of credit to the Agriculture, though we have made tremendous progress, as far as Crop loan is

concerned during the last two years, we have consistently recorded growth rate about 40% but overall growth rate was to the tune of about 74%. We need to put more efforts to ensure that the flow of credit to the Agriculture Sector is almost to the same tune like other sectors, i.e. non-farm sector and other Priority Sector areas. Other areas of concern he highlighted was the imbalance between the crop loan and Term Loan. On crop loan sector we have recorded a growth rate of 40% and it is a bit disappointing that in Term Loan to the Agriculture sector, the growth rate has been negative. In past three years though a small growth of 3 to 4% is being recorded it is to be understood that creation of capital formation in Agriculture is very important for sustaining growth of Agriculture. Orissa has tremendous scope for growth in dairy sector, sheep and goats, in poultry sector, in minor irrigation as well as other areas linked to the Agriculture. He asked banker friends depending up the allocations they have in Annual Credit Plan 2011-12, in their respective districts to guide their Branch Managers to see that crop loan as well as the Term Loan targets which has been accepted by them particularly the targets of Term Loan of various investment activities in the Agricultural sector would be given due emphasis and importance so that next year we have healthy growth on Term Loan sector. He emphasized the need for the growth of Agriculture in Orissa. If Orissa has to grow and it has to grow sustainably and with distributed economic growth rate it has to grow in Agriculture Sector. There was serious concern expressed by the Govt. of India, Ministry of Agriculture on Green Revolution in Eastern and North Eastern States. It is surprising to note that 50% of the Small and Marginal farmers of entire country are in this sector. In Orissa 84% of farmers are Small and Marginal farmers. This is an important part of our strategies in financing to Agriculture in the coming years. When 80% of the farmers are under this category, Banks need to focus their attention on how to finance them. Majority of them are not able to access credit from formal financial system that's why they have to resort to the informal channels where the interest rates are six or seven times more than what the banking sector is offering.

Therefore, he requested the banker friends as a part of strategy to ensure that these small and marginal farmers who have land holdings are able to get Kissan Credit Cards issued. Second there are number of Marginal farmers who

are not able to get credit by any other means other than KCC. Please ensure that all of them are able to form Joint Liability Groups. He mentioned that this concept of Joint Liability Groups has been tried for last three years in Orissa and banks will confirm that this has been a very successful approach. During last three years, it has been possible to form about 30000 JLG and experience of Bankers is more than happy. The recovery in this JLG sectors have been 90% or more, based on the feed back received from our cooperative Banks, RRB as well as Commercial Banks. Therefore, he requested that all Commercial Banks, RRBs and Co-operative Banks to pay special attention in financing to JLGs.

In the special SLBC meeting held on 20.5.2011, M.D of OSCB has announced that they will take up a target of 50000 JLG during the 2011-12. That means an average strength of around 5 farmers in a JLG Groups will have opportunity to 2.5 Lacs fresh farmers during this year. Similarly, he requested Commercial Banks keeping in view of their extensive Branch network in the State of Orissa a target more than Co-operative Banks should be taken up. He requested Convenor, SLBC that a minimum target of 50000 JLG may be accepted for Commercial Banks and they may need effort to distribute them among the Commercial Banks in Orissa. NABARD would be very happy to provide any kind of support in terms of capacity building, in terms of hand holding and guiding the field level officials and the Branch Managers at the district level. All DDMs have been issued instruction to guide the Branch Managers where ever there is a necessity over concept of JLG, how to operationalise and all operative aspects of the formation of JLG. He requested Banks for financing Term Loans particularly Dairy Sectors, Minor Irrigation, Poultry and Farm Mechanization. Orissa has tremendous scope for financing these activities, Govt. has already announced scheme for subsidies on various activities and capital formation and

Agriculture relating to farm mechanization and other areas. NABARD is also supplementing the effort of State Government in terms of creation of long term assets for irrigation as well as rural infrastructure. For the current year allocation of 700 Crores has been made under RIDF fund for providing support for various infrastructure and other activities under RIDF. Similarly, tentative disbursement target of about 1000 Crores has been worked out for disbursal

under various projects which has been sanctioned to the State in various branches of RIDF.”

**HIGHLIGHTS OF THE SPEECH OF SHRI C. H. NARASIMHA RAO, CHIEF
GENERAL MANAGER, STATE BANK OF INDIA, LOCAL HEAD OFFICE,
BHUBANESWAR**

While welcoming all the dignitaries in the dais, he observed as follows;

“As a major Bank operating in the State of Orissa, State Bank of India takes pride in having contributed significantly to the performance in the last year and also accepts sizeable share of planning that is going to be drawn for the current year. When SBI

reviewed internally the performance of the last year on many counts, it is found that they could have done better but one thing which sharply came out is that banks performance in the Agricultural Sector and performance in Govt. sponsored Sector could have been far better, had it been better in terms of the recovery atmosphere that is prevailing in this sector. At the ground level the vitiated recovery atmosphere that is prevalent in Agriculture sector and the Govt. sponsored schemes which are subsidy based is demoralizing. At the ground level banks have to deploy more and more resources for recovery effort and the increasing delinquencies have dampened the enthusiasm of the ground level people in terms of giving more and more lending. It is definitely not good for the State and not good for the Bank. It is a very very

serious issue that needs to be addressed. Bankers are doing their bit of repeating the borrowers in the rural plan but he took this opportunity to appeal to every one, the Govt. Official, the Politician, the Media, the Organization, NGOs, Social Organization and further any one who has got the interest of Orissa and the people of Orissa in their mind, to give them correct guidance in counseling to these people so that the situation does not get in to a vicious cycle. Banks and Govt. of Orissa need to change the cycle. It will be unsustainable for the bank to keep on adding NPAs and keep on doing lending. Though banks have to do their bit in an increasing way for the development of

the State, it is imperative that all of us need to concentrate together in changing the climate and giving an opportunity to every one in Orissa to avail the banking facility and prosper and at the same time keep repaying and allowing the cycle to keep on going.

One more point he mentioned was about the newly emerging channel of Banking Correspondents and Financial Inclusion. During the last year, State Bank of India has completed what ever the number of points which was required to set up the Banking Correspondents for the entire Financial Inclusion Plan. But what they did was only the beginning. Banks have to set up the service points and enable them with the capability of opening the Savings Bank Accounts and creating the remittance facilities needed. This year SBI is going to scale up the capabilities in terms of enhancing the range of services that the bank offers and really giving meaning to Financial Inclusion that Bank has committed.”

With the permission of the Chair, two powerpoint presentations were next made:

(1) Dr. Arabinda Kumar Padhee, IAS, Director NRLM/TRIPTI, Panchayati Raj Department gave a Power Point Presentation on transition from **SGSY to NRLM** and Evaluation Study of SGSY. The contents of the presentation have been circulated to all the participants in the house. All concerned including the Banks implementing the NRLM were requested to implement NRLM in our State in letter and spirit.

(2) Govt. of India had launched the ADW&DR Scheme in Feb'2008. The Comptroller & Auditor General has decided to conduct All India Performance

Audit of the implementation of the ADW&DR Scheme 2008. A Power Point Presentation was made by the Office of the Principal Accountant General (Civil Audit), Orissa, Bhubaneswar on "Performance Audit of ADW & DR Scheme 2008". A copy of the presentation which explains the object, scope and methodology of the proposed Audit has been circulated to the Controlling Head of Banks operating in the State of Orissa vide SLBC letter No. FGM/SLBC/ORISSA/52/11-12 dated 27.5.2011. As decided in the meeting concerned Banks whose branches are to be audited have to collect all records necessary for the audit within the shortest possible time and inform the Office of the Principal Accountant General (Civil Audit), Orissa, Bhubaneswar regarding their readiness for the audit. All Banks were requested to cooperate with the visiting Audit Team comprising of One Audit Office and two Asst. Audit Officer. Banks were requested to issue instructions to their branches under their jurisdiction to produce the necessary records to audit and furnish compliance to audit memo if any issued on the spot.

Action : Banks

Agenda Item No.1

The proceedings of the 122nd SLBC meeting held on 10.03.2011 for the quarter ended December, 2010 at Bhubaneswar was taken as confirmed.

Agenda Item No. 2 (Action taken report)

- (1) The credit flow to MSME Sector must be enhanced by the Banks. Banks operating in the State and Govt. line Departments should take all possible steps for increasing credit flow to this sector. The Special Secretary, Industries Department, Govt. of Orissa pointed out that as per 4th Census of MSME around 86% of MSMEs in the State have not availed of Bank finance. As per suggestion of the Development Commissioner, Govt. of Orissa, it was decided to constitute a Sub-Committee of SLBC under the Chairmanship of Principal Secretary to Industries Department, Govt. of Orissa to analyse the reasons of large scale exclusion of Small and Medium Enterprises from Institutional

Financing. The committee will submit its recommendation to be adhered by all concerned for enhancing credit flow to MSME sectors in our State.

To review the performance of Banks for financing MSME sector as per High Level Task Force Committee recommendations, the format of MSME

has been recast by SLBC in consultation with RBI. All Banks will submit the Statement to SLBC in the new format from June-2011.

ACTION : RBI/Banks/Industries Dept. Govt. of Orissa/Textile & Handloom Department Govt of Orissa.

- (2) The position of coverage of CGTMSE has improved and all Banks should take full advantage of Credit Guarantee Trust for Micro and Small Enterprise (CGTMSE) by giving coverage to Collateral free loans to MSME upto Rs.100 Lacs. SIDBI was requested to conduct awareness/sensitization Programme amongst the Bankers for removing misgivings regarding provisions of CGTMSE at Branch level for increasing coverage under CGTMSE.

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

- (3) As regards establishing RSETIs, UCO Bank informed that they have opened 3 RSETIs by 31.3.2011 (against deadline of June, 2011). SBI informed that they have opened 4 RSETIs in Kandhamal, Jharsuguda, Kalahandi and Kendrapara. SBI expressed difficulties in arranging premises even on rent/leased basis in some districts for which the opening of RSETIs was delayed. It was reported by Panchayat Raj department (Nodal Department for RSETIs) that State Govt. is willing to give permissive possession for setting up of RSETIs. RBI suggested that Govt. should appoint Nodal Officer for resolving the difficulties faced by the Bank regarding the Premises. It was also suggested that Activity Reports should be called for from the RSETIs and their functioning be monitored. After a lot of deliberations by different participants, it was finally suggested by Development Commissioner,

Govt. of Orissa that The Director, Panchayat Raj Department should convene a meeting of all concerned for resolving pending issues and see to it that RSETIs start functioning in all 30 districts of the State by 31st December, 2011.

ACTION: SBI/BOI/Andhra Bk/ PR Dept. & Revenue Dept., Govt. of Orissa

- (4) Twenty nine districts of Orissa have achieved 100% financial inclusion taking one family - one account as the concept. SBI informed that due to law and order problem, Banks are facing lot of difficulties in achieving 100% Financial Inclusion. It was decided that the deadline for completion of 100% Financial Inclusion of Malkangiri Dist be extended to 31.12.2011. LDM, Malkangiri and Banks operating in the district, Govt. Line Departments

were requested to take all possible steps for achieving 100% Financial Inclusion in the district.

**ACTION: LDM, Malkangiri /Banks operating in Malkangiri District/
Govt. Line Deptt.**

- (5) The Planning and Coordination Department, Govt. of Orissa was requested to conduct a sample survey in some of the districts with regard to reality of achievement of 100% Financial Inclusion and submit report to SLBC at the earliest for onward transmission to Govt. of Orissa.

**ACTION: Planning and Coordination and other Departments,
Govt. of Orissa**

(6) Implementation of the Financial Inclusion Plan in the State of Orissa

Govt. of India and Reserve Bank of India have been emphasizing a lot to attain inclusive growth by implementing Financial Inclusion Plan.

The system of data collection in respect of implementation of FIP is not working well. The LDMs have not been able to submit the progress report in respect of implementation of FIP to SLBC. Hence it was decided that Controlling Heads of Banks may directly submit the information to SLBC as well as to LDMs. RBI reminded that each Bank has to designate one nodal officer who will be held responsible for submission of progress report in implementation of FIP to SLBC. Concern was expressed by the Principal Secretary to Govt., Finance Department, Govt. of Orissa that some of the major banks like Andhra Bank, Bank of India and Punjab National Bank have not made progress in implementation of FIP. He felt that quality should be improved and Banks should implement Financial Inclusion in true spirit and not merely reporting of figures. The Chairman, SLBC requested Banks to submit only those data which can stand scrutiny at a later date.

ACTION: Banks/LDMs/SLBC

- (7) The services of the Certificate Officers posted in Special Certificate Courts at Cuttack, Bhubaneswar, Berhampur, Sambalpur and Rourkela have to be effectively utilized for disposal of Certificate Cases in a time bound manner. The Chairman SLBC stated that help from the Govt. in recovery not only enhances the environment of financing but helps the Bank to grow the Advances faster. It was noted that there was no progress in the matter of disposal of Top Five Certificate cases of the district as per the decision of the 122nd SLBC meeting held on 10.03.2011. It was decided that status report of Top Five Certificate cases of each District is to be submitted in the next SLBC meeting by the Industries Department Govt. of Orissa. Special Secretary Industries Department was requested to monitor the disposal of cases at GM, DIC level.

ACTION: Industries Dept. Govt. of Orissa / Revenue Dept., Govt. of Orissa.

- (8) The reconciliation of data on WSHGs is a long pending issue and as LDMs are not submitting the data on financing WSHGs, there is no

progress. The Controlling Heads of Banks were requested to look into the matter and submit the information to Mission Shakti Department, Govt. of Orissa as well as SLBC to have reconciliation at an earliest. It was also decided that next time SLBC will not discuss this issue further.

ACTION: Banks/LDMs/DSWOs

- (9) Lending Institutions which have financed MFIs have to monitor financing of MFIs for on lending to SHGs/ WSHGs/ JLGs. Transparency in the operation of MFIs and area of operation are to be determined.

ACTION: Banks /NABARD /Govt. of Orissa

- (10) As per decisions of 121st SLBC Meeting held on 18.11.2010, the Sub-Committee which was constituted under the Chairmanship of CGM, NABARD to look into the affairs of MFIs charging exorbitant rate of interest and adopting coercive method of recovery submitted its report to SLBC which was forwarded to Govt. of Orissa. As in the meantime, Malegaon Committee report has been already published and RBI has come out with certain guidelines on financing MFIs, the Banks have to follow the RBI guidelines. GM, RBI clarified that the RBI circular of 3rd May, 2011 was a guideline on classification of Advances to MFI.

ACTION: Banks/RBI

- (11) Under State Employment Mission, banks have to finance more to provide self employment to unemployed youth. It was observed that Public Sector Banks and RRBs have been doing well and have achieved the target for the year 2010-11 where as the Private Sector Banks have not been able to reach the targets.

ACTION: Banks

- (12) Regarding registration of Equitable Mortgage, (Mortgage by deposit of Title Deeds) **with minimal charges** to prevent fraudulent transaction,

the Finance Department informed that matter is under active consideration of Govt. of Orissa. It was informed that Govt. is following the Tamil Nadu model and the matter has been referred to Law Dept., and that it will be placed before the Cabinet very soon for its approval. It was suggested that charges by the State Govt. may be in line with what has been prescribed for the Central Registry.

ACTION: Revenue/Finance Department, Govt. of Orissa

- (13) For Stamp deed of reconveyances of waiver of charge under Section 4 (1) of the OACOMP (Banks) Act 1975 on landed properties, it was intimated that the matter has been referred to Law Department, and it will be placed before the Cabinet very soon for its approval. Principal Secretary, Finance Department, Govt. of Orissa directed the Department to place it before the next Cabinet meeting for clearance. Revenue Department was requested to intimate outcome to SLBC.

ACTION: Revenue Deptt. Govt. of Orissa

- (14) Recommendation of Working Group of K.C. Chakraborty Committee on rehabilitation of Sick Micro and Small Enterprises is to be followed by all concerned including banks. It was intimated by the Industries Department, Govt. of Orissa that information has been submitted to RBI on action taken by Govt. of Orissa. The major recommendation to have a separate MSME Department is under active consideration of the Govt. and will be decided shortly.

ACTION: RBI/Industries Department, Govt. of Orissa

- (15) With regards to opening of FLCC by the Banks having Lead Bank responsibility, UCO Bank informed that it has opened 3 FLCCs. SBI informed the house that the National Policy of opening of FLCCs has been finalised and SBI will open all FLCCs by December, 2011. Other Banks, i.e. Andhra Bank and Bank of India having Lead Bank responsibilities were requested to take necessary steps for setting up

of FLCC in their respective Lead Districts also latest by December, 2011.

ACTION: UCO Bank/SBI/Andhra Bank/Bank of India

- (16) All Banks are requested to extend co-operation to the Convenor Bank, i.e. UCO Bank by submitting data to SLBC Secretariat in time enabling the

Convenor Bank to hold the SLBC Meeting as per the calendar submitted to the RBI for holding SLBC Meeting. The SLBC Meeting of the quarter ended June, 2011 is scheduled to be held on 17.08.2011 as per the calendar.

ACTION : Controlling Heads of Banks/ LDMs

- (17) Banks have to achieve the PMEGP target for the year 2011-12. During the course of discussion RBI stated that Banks should stick to time norms for disposal of applications. RBI also suggested that the qualitative aspects of implementation of PMEGP should be reported to SLBC. SBI suggested that Nodal Agencies (KVIB/KVIC) may share information on the qualitative aspects of financing of PMEGP with the Bankers.

ACTION : Banks/ KVIC/ KVIB/ Industries Dept., Govt. of Orissa/District Level Task Force (DLTF)

- (18) The recovery performance of Banks continues to be poor. The performance of recovery under SGSY/PMRY is showing declining trend. The concerned Line Departments, Govt. of Orissa was requested to assist the Banks in recovery so as to create a conducive credit climate in the State.

Action : Banks/ Govt. Line Departments

- (19) As per the decision of the SLBC Meeting, Tahasildars/ Addl. Tahasildars have been designated as the Income Certificate Issuing Authority to the Education Loan borrowers as per the format of IBA. The signature of these authorities should be made available with the Bank branches through DLCC. The Revenue Department, Govt. of Orissa was

requested to take necessary steps to look into the matter. Principal Secretary, Finance Department, Govt. of Orissa directed to make available copy of directions issued to Collectors to SLBC.

Action : LDMs/ Revenue Departments, Govt. of Orissa/Banks

(20) As per issue raised by Syndicate Bank in 122nd SLBC Meeting, Govt. of Orissa was requested to provide support in the line of Madhya Pradesh subsidizing Hand Held Machines, Smart Cards and Biometric ATMs for speedy implementation of Financial Inclusion in the State. Syndicate Bank was requested to submit details of the assistance given by M.P Govt. to SLBC for onward transmission to Govt. of Orissa. Principal Secretary, Govt. of Orissa informed that issue of providing support to Banks for Financial Inclusion has been discussed with RBI and Ministry. The current thinking is

(1) For NREGA payments - there is an active proposal to provide some kind of support to Banks.

(2) Assistance of Rs.50/- for EBT Cards to be reconsidered.

(3) From the State side some cost support is under consideration to Banks. Banks are requested to indicate preferred area, as soon as possible, to Secretary Panchayat Raj Department for the districts where they would like to participate for Financial Inclusion, NREGA payments and other Govt. schemes.

Action : Banks /SLBC /Panchayati Raj Department, Govt. of Orissa/ Finance Department, Govt. of Orissa

(21) With regard to creation of Central Electronic Registry by computerizing the land records through E. Governance to minimize frauds - as a Central Registry has already been set up, the item is being dropped.

Action : SLBC/Revenue Dept., Govt. of Orissa

(22) The minutes of the Small SLBC Meeting for enhancing credit flow to Agriculture Sector during the year 2011-12 held on 20.5.2011 was placed before the SLBC. The Principal Secretary, Agriculture, Govt. of Orissa corrected the Minutes as under : (Page 41 last para) (a) The performance of 3 Banks with large network , viz. SBI, UCO Bank and Bank of India with

respect to Crop Loans was not satisfactory. (b) SBI having largest network is getting biggest support from State Govt. in matter of deposits and expectation of State Govt. from SBI is high. (c) New Bank Branches should be opened in large numbers in 15 IAP (Integrated Action Plan) Districts (not 8 KBK as recorded). CGM i/c NABARD then pointed out that in the Page No. 3 of the Minutes in 2nd line it was wrongly mentioned that ineligible farmers be removed from KCC list. Instead of ineligible farmers it should be Inoperative KCC. Hence, it would be read as “Inoperative KCC be removed from KCC Lists”. The minutes of the meeting was ratified by SLBC.

Action : Banks/ Govt. Line Departments

(23) The minutes of the meeting of Small Committee for enhancing credit flow to WSHGs held on 21.5.2011 was placed before the SLBC and confirmed. The decisions taken in the Small Committee have to be scrupulously followed by the Banks.

Action : Banks/ Govt. Line Departments

Agenda Item No. 3

FRESH ISSUES

1. Issue raised by the Orissa Sch. Caste & Sch. Tribe Development Finance Cooperative Corporation Ltd., Bhubaneswar

(a) Loan finance to SC/ST Self Help Groups under Bankable IGS during 2010-11

During the financial year 2010-11 the Corporation has fixed target for financing 26,000 Sch. Caste families through 2600 Self Help Groups, 11760 Sch. Tribes through individual and Self Help Groups under Credit Linked Income Generating Schemes through Banks. It is also decided to finance SC individual applications during 2010-11 where group applications are not available but the individuals should not be more than 30% of total target of a District.

The district-wise physical target and achievement till end of 31.03.2011 under SC & ST sector is given at **Annex-VIII** (Page No. 49 & 50 of 123rd Agenda Book), In the Zonal Review Meeting of DWO-cum-District Managers held on 15.04.2011

by ST and SC Dev. Dept., it has been decided to achieve the short fall target of 2010-11 by June, 2011. Accordingly instructions have been issued to all DWO-cum-District Manager and Lead District Managers vide this Corporation Letter No. 1453 Dated 26.04.2011 to disburse all the sponsored cases by June, 2011. Banks were asked to discuss the performance in DCC and take steps to achieve targets for the year 2011-12.

(b) Distribution of target under Bankable IGS SC and ST Sector during the year 2011-12

During the year 2011-12 OSFDC has fixed target to finance 24250 Sch. Caste beneficiaries through 2425 Self Help Groups and it has also been decided to finance under individual application where group applications are not available and the individual finance should not be more than 30% of total target of a District, in case of SC Sector.

Similarly under ST Sector target has been fixed to finance 12350 ST beneficiaries through Self Help Groups and where Self Help Group Applications are not available individual applications can be financed and there is no limitation for financing individual applications in case of ST sector.

The target has already been communicated to all DWO-cum-District Managers and Lead District Managers of Bank vide letter no. 1444 Dated 26.04.2011. Copy of the target is enclosed at **Annex-IX** (Page No. 51 to 56 of 123rd SLBC Agenda Book).

(C) OSFDC is following the SGSY guidelines for implementation of Bankable Income Generating Schemes and the subsidy provided is back-end. The banks should disburse the full project cost including subsidy to the beneficiaries as loan. The subsidy amount is not to be released to the account of the beneficiaries directly and the

same to be adjusted towards last installment for repayment of loan by the beneficiaries, taking into account proper utilization of loan and creation of assets. It is observed during field visit that the subsidy amount is being released to the beneficiaries by the financing banks without disbursement of total unit cost, for which creation of assets can not be ensured and real purpose of the scheme gets defeated. Hence banks should disburse the loan and subsidy proportionately.

(d) Recovery of Margin Money Loan

Prior to 1999-2000 Bankable Income Generating Scheme of OSFDC was implemented with the following three components.

- (i) Subsidy : 50% of the Unit cost
- (ii) Margin Money Loan : 15% of the unit cost which is recoverable from beneficiaries @ 4% interest.
- (iii) Bank Loan : Rest 35% of the unit cost which is recoverable with usual Bank Interest.

Subsidy and Margin Money loans were provided by OSFDC and the Bank loan was given by banks from their own funds. As per tie-up arrangement made with different banks the margin money loan should be recovered along with the Bank loan from the beneficiaries. Any amount recovered from the beneficiaries towards loan components should be divided and 30% of recovery amounts should be deposited in OSFDC account.

It is revealed that during the period 1990-91 to 1998-99 OSFDC has released an amount of Rs. 10.88 Crore under SC Sector and Rs.1.29 Crores under ST Sector to different district branches of OSFDC for payment of margin money loan to the Sch. Caste and Sch. Tribe beneficiaries along with bank loan and subsidy.

But during the period, i.e. 1990-91 to 2010-11 the recovery of margin money loan is very negligible i.e. only Rs.231.94 Lacs against the investment of Rs.1217.70 Lacs. Banks are requested to check if margin money loan which was recovered from the

beneficiaries is lying with them without being deposited in OSFDC account and if so to remit the amount to OSFDC.

Action : Banks/ Govt. Line Dept./OSCSTDFCC Ltd.

2. Issue raised by Agriculture Insurance Company of India Ltd., Bhubaneswar

- a) Gram Panchayat is the insurance unit for Paddy Crop under NAIS in Rabi 10-11 seasons instead of Blocks which meets long standing demand of the farming community.

- b) In present Rabi -2010-11 seasons, out of 132 Nodal Banks, 95 Nodal Banks (List enclosed **Annex-X** (Page No. 57 and 58 of 123rd SLBC Agenda Book) have not participated in the NAIS scheme as on 12.05.2011. Non-participating Banks were requested to participate in the NAIS Scheme in letter and spirit.

Action : Govt. Line Dept./ Banks / NAIS

3. Issue raised by NABARD, Regional Office, Bhubaneswar.

I) Salient features of the revised Central Sector Scheme - "Establishment of Agri-Clinics and Agri Business Centres (ACABC)"

The Scheme is mentioned in Page No. 13 to 15 of the Agenda Book of 123rd SLBC Meeting. Banks were requested to finance the Entrepreneurs for establishment of Agri-Clinics and Agri-Business Centers (ACABC) as per the Schemes.

II) Capital Subsidy cum Refinance Scheme for installation of Solar Off-Grid & Decentralized applications under the JNNSM

Review of the Progress of Financial Year 2010-11

Banks which have financed under the Scheme are required to submit the following information to NABARD.

- i. Number of loans sanctioned for solar PV systems/system installed from 01 November 2010 to 31 March 2011 (Month-wise)
- ii. Loan amount sanctioned for the above scheme (Month-wise)
- iii. Details of beneficiaries with full address
- iv. Number of Capacity Building Programmes conducted by banks during 2010-11 (Month-wise, No. of participants, Locations, etc.)
- v. Details of the persons trained for operations and maintenance of the solar lighting systems (Name, Address, Educational Qualification, etc.)

Banks were advised to furnish the progress under the scheme during 2011-12 on a quarterly basis to NABARD. NABARD is requested to guide the Banks on the above matter and also give a uniform format for data submission.

Action : Banks/Govt. Line Depts./ NABARD

4. Issue raised by LDM, Jharsuguda

- (a) As the opening of Brick and Mortar Branch is not cost effective and viable it was imperative for banks to render banking services at the door steps through BC. The DCC, Jharsuguda resolved that services through BC Model were inadequate and Bank branches should be opened in rural areas. SLBC advised that DCC should look into the issue of reallocation of villages which were not having banking services to nearby bank branches.
- (b) The issue of Clearing House at Brajarajnagar is a issue to be resolved at the DCC level. DCCs were advised that these types of issues should not be brought to SLBC for discussion and LDMs should route issues to SLBC through their Controlling Offices.

Action : LDMs/ DCCs / Controlling Offices of Banks

5. Issue raised by Orissa Poverty Reduction Mission (TRIPTI), Panchayati Raj Department, Govt. of Orissa

Issue and suggestion by TRIPTI on Bank Linkage

Targeted Rural Initiative for Poverty Termination and Infrastructure (TRIPTI) is in operation in 38 Blocks 1020 GPs and 10 districts those are undivided Puri, Cuttack, Balasore and Angul. Poor and Extremely poor and Vulnerable Groups (EPVG) households are being identified through a process called situational assessment.

From findings in 594 GPs where SA has been completed, it is seen that 189208 Poor and EPVG house holds are not in SHGs and TRIPTI has facilitated to form 4927 numbers of new groups out of which 3462 SHGs have opened SB accounts with different Banks in their service area.

111 Nos. of SHGs have availed bank linkage for an amount of Rs.22.60 Lacs with an average of Rs.20,000/- per SHG which comes to 1:2 ratios as the deposit is Rs.11.02 Lacs.

TRIPTI, basically a poverty termination livelihood project aims at facilitating micro enterprises to be pursued by SHG members. Therefore per house hold credit of Rs.2000 is a meager amount for taking up any viable micro enterprise.

Suggestions of TRIPTI

1. The first bank linkage to SHGs could be need based. It may be Rs.50,000/- or more based on micro investment plan prepared by them.

SLBC advised that Banks may sanction the loan as per the requirement of the Groups for taking up Micro Enterprises.

2. **SHGs may be allowed to open “No Frills A/Cs”:** The House advised that if RBI stipulation for “No Frill A/Cs” are met, SHGs may open such accounts. Banks may look into the technical aspects of opening the accounts of SHGs through the BC Model.

Action : Banks/TRIPTI/LDMs

Agenda Item No. 4:

Banking Key Indicator of Orissa as on 31.03.2011

Banks having low CD Ratio have to increase their CD Ratio.

The public sector Banks and Private Sector Banks having very low CD ratio are given below.

Public Sector Banks

Sl. No.	Name	CD Ratio
1.	Corporation Bank	16.75
2.	IDBI Bank	25.14
3.	Oriental Bank of Commerce	40.88
4.	Punjab & Sind Bank	11.44
5.	Vijaya Bank	36.16

Private Sector Banks

Sl. No.	Name	CD Ratio
1.	The South Indian Bank Ltd.	2.15
2.	ING Vysya Bank	12.88
3.	Laxmi Vilas Bank	15.82

The Districts like Deogarh, Gajapati, Jagatsinghpur, Malkangiri, Nuapara and Sambalpur which have CD ratio below 40% were requested to play proactive role and take all possible steps to improve their CD Ratio.

Commercial Banks in Orissa have achieved all national parameters except DRI & Advance to Weaker Sections advance as on 31.03.2011. On year to year basis the deposit and advance have increased by 23.26% and 23.66% respectively. The performance of Commercial Banks in respect of PS Advance was quite commendable. It was praiseworthy to mention that finance under agriculture sector has been substantially increased and crossed the National Parameter of 18% as on 31.03.2011.

However, SLBC noted that many Banks have not reached the target for financing agriculture (viz. 18% of total Advance) and advised Controlling Heads of Banks to initiate remedial measures.

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

Agenda Item No. 5

Recovery

The overall recovery position as of 31.03.2011 is very poor, i.e. 49.59%. The percentage of recovery of IRDP/SGSY/PMRY as of 31.3.2011 was 43.26% and 19.22%.

The certificate authorities should take immediate steps to dispose of 3428 cases amounting to Rs. 3.36 Crores pending under OACO&MP(B) Act and 18767 cases amounting to Rs. 55.35 Crores pending under OPDR Act. The NPA positions of special schemes also need special attention by the Banks with help of Govt. Departments for its reduction.

Govt. machineries were requested to render adequate help 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

Recovery of Special Housing Loans sanctioned to State Govt. Employees after Super Cyclone of October, 1999

The House expressed concern in non-repayment of Special Housing Loans sanctioned to State Government Employees after Super Cyclone of October, 1999. It was decided that Banks have to coordinate with the Director Institutional Finance, Govt. of Orissa mentioning specific cases so that Government may take necessary steps for recovery of those loans.

ACTION : Banks/DIF

Agenda Item No.6

Review of performance under Annual Credit Plan

The performance of Banks under ACP 2010-11 up to March, 2011 was 98%. The performance of Banks as a whole under Allied Sector being 37% was low. LDMs of districts like Bhadrak, Deogarh, Dhenlanal, Gajapati, 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. The Annual Credit Plan for the year 2011-12 for all Sectors Bank-wise and District-wise was placed before the SLBC and was approved. The Banks operating in the State were requested to achieve the ACP target quarter-wise set to them for 2011-12. LDMs were also requested to achieve ACP target 2011-12 Sector-wise/quarter-wise during the financial year 2011-12.

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

Performance in financing JLGs in the State was very poor. Banks have to take proactive steps and achieve the JLGs target set to them. JLG target of the State was revised to 40,000. NABARD is requested to allocate the target amongst the Banks.

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

Under the banner of Mission Shakti, a project for empowering Women economically and socially, since inception, till 31/03/2011 an impressive number of 610437 WSHGs have been credit linked involving Rs. 3133.71 Crores, which is definitely an outstanding achievement. During 2010-11 (i.e. from 1/4/10 to 31/03/11) Credit linkages have been

provided to 65894 WSHGs amounting to Rs. 570.76 Crores. Banks were requested to achieve the target set to them for 2011-12.

The Commissioner-cum-Secretary, Women and CD Department then flagged off the following 4 issues;

- (1) The number of disabled people is 10 lacs in Orissa as per 2001 census and will go up. These people are not being given loans. She requested that a Sub-Committee of SLBC be formed to look into the issue and also that DRI loans be considered.
- (2) A new Scheme, viz. Indira Gandhi Matritwa Sahayog Yojna is coming which is basically a conditional cash transfer for pregnant women. It is being piloted in two districts. She requested that accounts be opened beforehand.
- (3) E-transfer of 3-4 kinds - SHGs/Anganwadi workers/Head Masters/Cooks and Helpers - to take place on 7th of every month and needs online information. (It was pointed out that it needs further discussion on the modalities).
- (4) For Pension payment, Women and CD Department would like to move on to BC Model and would like information on who can do it. It was suggested that

it can be tried in Mayurbhanj, Gajapati and Ganjam districts where SBI has gone for BC Model.

ACTION : Banks/Govt. Line Departments/LDMs

Agenda Item No. 9

Review of performance under PMEGP and SGSY.

The Banks have to achieve the PMEGP target set for the year 2011-12. KVIC, KVIB, Industries Department, Govt. of Orissa and all concerned Banks must work in tandem for quality lending to Entrepreneurs under PMEGP. The Banks as a whole have achieved the target to them for the year 2010-11. However, recovery under the scheme is poor and a cause of concern. The Annual Target for the State for the year 2011-12 is given in Annex-XVI (Page No. 91 to 96 in 123rd SLBC Agenda Book).

Under SGSY - Banks have to achieve the target both in Physical as well as Credit Mobilization target for the year 2011-12.

The sponsoring agencies were requested to adopt bottom-up approach and DCCs to communicate the targets to SLBC where bank-wise, district-wise targets for the State will be finalised. Sponsoring agencies were also requested to make subsidy available in time. It was decided that henceforth Qualitative aspects of financing under these schemes should also be highlighted in the reports.

ACTION : Banks/KVIB/KVIC/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 and issue greater numbers of ACC. Banks have to finance SHGs promoted by Directorate of Handicraft and village and Cottage Industries, Orissa.

ACTION : Banks/Govt. Line Departments

Agenda Item No. 11

Progress under SJSRY

SJSRY which aims at providing gainful employment to the Urban Poor must be implemented by Banks in letter and spirit. From Govt. side it was stated that:

- Project cost and subsidy ceiling under Urban Self Employment Programme (USEP) of revamped SJSRY has been increased upto Rs.2 Lacs and Rs.50,000/- respectively.
 - Similarly, Subsidy ceiling under Urban Women Self Help Programme (UWSP) of revamped SJSRY has been increased upto Rs.60,000/-.
 - However, it is observed that average subsidy consumption per beneficiary under USEP and UWSP component is Rs.17,230/- and Rs.10,000/- respectively during 2010-11.
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- Achievement/Expenditure under USEP and UWSP during 2010-11 is 5133 number of beneficiaries/ Rs. 844.67 Lacs and 4326 number of beneficiaries/ Rs.457.65 Lacs respectively.
 - Current year target under USEP & UWSP is 2500 number of beneficiaries and 500 number of groups (5 or more women in one group) respectively. Same has been duly communicated to ULB/SLBC.
 - ULBs were instructed to fix bank-wise target as per local requirement and intimate the same to the LDMs concerned.
 - Sponsoring of loan application to banks shall be completed by end of Sept. 11.
 - In each SLBC Meeting it has been reiterated to sanction high value project to provide sustainable employment to the urban poor as per GOI SJSRY guidelines. But absolutely no significant improvement in subsidy consumption has been made so far. Banks are requested to sanction and disburse high value projects under USEP and UWSP.
 - Recovery Camps may be organized with the held of ULB concerned to improve the recovery performance under SJSRY.
 - Banks are also advised to make quarterly disbursement of loans instead of disbursement made at the fag end of the year.

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

Agenda Item No.12

Performance of Banks under SC/ST/Scavenger/ITDA

Applications sponsored by OSCS/DFCC Ltd./OSFDC under C/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 2011-12.

ACTION : Banks/LDMs

Agenda Item No. 14

Performance under Pisciculture

Fisheries and ARD Sector, Commissioner-cum-Secretary, Fisheries and ARD highlighted the following issues and requested the Bankers to come forward and finance in a big way for Allied Sector.

- The total demand of fresh water fish seed in the State is to the tune of 100 Crores. Orissa State is producing only 60-65 Crores seed per annum. So, there is a lot of potential for promoting private entrepreneurs in producing fish seed in the State. 25% subsidy is available under NFDB/FFDA. Bankers are requested to promote hatcheries/ fish seed rearing units under the bankable schemes in the State.
- Around 4000 (half acre) tanks have been excavated under NGNREGS across the State in the fields of small and marginal farmers. One scheme has been prepared by the Director of Fisheries for production of fingerlings in these tanks for which the unit cost is Rs.30,000/-. Government is planning to provide 50% subsidy under RKVY. Bankers should come forward to finance this proposal. The recovery will be made in time as the net profit from this scheme will be around Rs.40,000/- in three months time. This will be disbursed through Matsya Credit Card like Kisan Credit Card as decided by

the Chief Secretary, Orissa. Cooperative Banks should take the lead in this regard.

- There is a lot of demand of L. Vannamai culture which is disease resistant and getting popular in our State. Andhra Pradesh has done miracle in this particular brackish water fish culture where the profit is approximately Rs.3.00 Lacs per

hectare in 4 months time. Since Orissa is bestowed with huge brackish water area and seed production will be taken up in Chandrabhaga Hatchery by Government, Bankers should finance L. Vannamai culture in seven coastal districts of the State.

- The Government of India has started a Dairy Entrepreneurship development scheme for development of small dairy farms during September, 2010. This scheme has not been visible due to non-sensitization among the state holders. The Department is planning to develop at least one small dairy farm in each MPCs. We have 3500 MPCs in the State and 3000 LI Centers. So at least one small dairy farm per LI center will be the target. The subsidy of 25% will be given to general farmers and 33.3% to SC/ST farmers of the total investment of about Rs.5.00 Lacs per farm. Bankers were urged to promote this scheme in a big way. A State-level Sensitizations Workshop will be organized shortly.

Similarly, for development of commercial layer units and to boost egg production in the State, steps are being taken as per 10 Year Perspective Plan prepared by the Government. Bankers should come forward to finance the schemes in this regard for which different incentive measures like exemption of VAT/entry tax etc. are being taken. Commissioner-cum-Secretary, F & ARD Department urged upon the Bankers to achieve the annual target in this regard.

- Regarding non-availability of good quality animals in the State, Commissioner-cum-Secretary, F & ARD advised that such quality animals can be procured from outside the State since Chhatisgarh State is taking animals from out State. Similarly, Orissa State can take animals from Andhra Pradesh and West Bengal etc. Moreover, the Commissioner-cum-Secretary informed the house about the ongoing Calf Rearing scheme where 1,40,000 calves will be produced in the State in the next five years. The

programme was launched by Hon'ble Chief Minister during November, 2010 where 50% subsidy towards calf feed will be given to the concerned farmers covered under the Scheme.

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. Banks should make sincere efforts to finance Minority Communities and should achieve 15% of their outstanding Priority Sector Credit as at the end of previous year.

ACTION : All Banks

Agenda Item No. 16

Education Loan

The signatures of designated authorities for issuing Income Certificates should be made available with the Branches through DLCCs. 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

All valid Letter of Intents pending with various Banks for sanction of loan to the Horticulture Sectors should be sanctioned and disbursed without further delay. Utilization certificates pending with different Banks should be sent to the concerned sponsoring Agencies soon.

ACTION : All Banks/NHB

Agenda Item No. 18

Financial Inclusion

Banks were requested to make good the shortfall of last year and achieve targets by December, 2011 and not wait for March, 2012.

RBI stated that Banks are still writing about villages not falling within their Service Area. This indicates that DCC did not do due diligence. LDMs were requested to sort out the issue of allocation of villages to Banks in the next DCC meeting and advise RBI latest by 30th June, 2011. Chairman, SLBC stressed the need of strengthening the infrastructure of LDM Offices for their proper functioning.

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 publicising 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

Agenda Item No. 20

The Urban Local Bodies under Interest Subsidy Scheme for the Housing the Urban Poor (ISHUP)

The District-wise and ULB-wise targets to the Urban Local Bodies under Interest Subsidy Scheme for the housing the Urban Poor (ISHUP) for the year 2011-12 is given in Annex-XXX (Page No. 123 to 128 of 123rd SLBC Agenda Book). LDMs were requested to allocate the targets amongst the banks in consultation with the concerned ULBs and Local Banks and Bank/Branch-wise target may be intimated to Urban and Housing Development Department and SLBC. Banks were requested to achieve the targets set under ISHUP.

Action : LDMs/ULBs/Banks

Table Agenda - 123rd SLBC - Evolving Action Plan for remaining Un-banked Villages

Subsequent to successful launch of the National Level Awareness Campaign on Financial Inclusion "Swabhimaan" on 10th February, 2011 at New Delhi, the Government is now keen to cover the remaining un-banked villages in the country. The progress achieved by Public Sector Banks in implementation of

Financial Inclusion Plan 2010-11 was reviewed by the Secretary, Financial Services on 26th April, 2011 at New Delhi. While reviewing the progress made in the 73000 un-banked villages with population above 2000, the Govt. expressed satisfaction over the target achieved for the March, 2011. It was also indicated that Government proposed to route all benefits under its social security scheme through EBT. To facilitate this, it was necessary to bring the remaining un-banked villages under the banking coverage so that banking services are available even in the remotest villages of the country. The Government therefore wanted all villages to be covered in a systematic way under structured Financial Inclusion Plan. The Government also desired that SLBC-wise/Bank-wise/State-wise allocation of 1000 plus population villages be submitted to the Deptt. of Financial Services at an urgent basis.

In view of the above, IBA has requested SLBCs to initiate action on Financial Inclusion as follows.

- (a) List of villages with population above 2000: greater than 1000 but less than 2000; greater than 500 but less than 1000 and less than 500 (as per 2001 census).
- (b) Allotment of villages Bank-wise with population of 1000 to 2000 (as per 2001 census).

LDMs were requested to convene urgent meeting of the DCC and allot each un-banked villages to Banks latest by 30th May 2011 and intimate SLBC the same invariably on 31st May 2011 so that the information can be passed on to IBA.

Action : LDMs/SLBC/Banks

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