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MINUTES OF 132nd STATE LEVEL BANKERS' COMMITTEE MEETING (SLBC) FOR GUJARAT STATE FOR THE QUARTER ENDED DECEMBER, 2011 HELD ON 28TH MARCH, 2012 AT SEMINAR HALL No.1, MAHATMA MANDIR, GANDHINAGAR

The above meeting was held on 28th March, 2012 to review the progress under various key parameters as of December, 2011 at Mahatma Mandir, Gandhinagar which was addressed by **Shri Narendra Modi**, Hon'ble Chief Minister, Gujarat State. The meeting was also attended by Smt. **Nupur Mitra**, Chairperson & Managing Director, Dena Bank and was attended by Shri **Saurabh Patel**, Hon'ble Minister of State for Finance, Govt. of Gujarat, **Shri M.D. Mallya**, Chairman, IBA and Chairman & Managing Director, Bank of Baroda. **Shri A.K. Joti**, Chief Secretary, Govt. of Gujarat, **Shri M.M. Srivastava**, ACS, Finance, Govt. of Gujarat, **Shri Sudarshan Sen**, Regional Director, Reserve Bank of India, **Shri H.R. Dave**, Chief General Manager, NABARD, **Ms. Sreya Guha**, Director, Department of Financial Services, Ministry of Finance, Govt. of India, **Shri Ramesh Rangan**, Chief General Manager, State Bank of India, **Shri Suresh N. Patel**, Convenor - SLBC and other top bureaucrats of various Departments of State Govt. as well as top executives from the Banks also remained present in the meeting. The list of participants is enclosed.

At the outset, **Shri Suresh N. Patel**, Convenor, SLBC and General Manager (Gujarat), Dena Bank extended warm welcome to **Shri Narendra Modi**, Hon'ble Chief Minister, Gujarat, **Shri Saurabh Patel**, Hon'ble Minister of State for Finance, Govt. of Gujarat and all other dignitaries on the dais, senior executives from RBI, NABARD, State Govt., Banks, Insurance Companies and all the participants.

Smt. Nupur Mitra, Chairperson, SLBC & Chairperson & Managing Director, Dena Bank extended heartiest welcome to Shri Narendrabhai Modi, Hon'ble Chief Minister of Gujarat State and thanked him for accepting invitation to address the Bankers and Senior Govt. officials. She also welcomed and conveyed her sincere thanks to Shri Saurabh Patel, Hon'ble Minister of State for Finance, Gujarat State, Shri M.D. Mallya, Chairman, IBA & CMD, Bank of Baroda, Shri A.K. Joti, Chief Secretary, Govt. of Gujarat, Ms. Sreya Guha, Director (FI), Department of Financial Services, Ministry of Finance, Govt. of India and all other dignitaries on the dais and participants from various Govt. Departments and Banks.

She said that Gujarat State under the leadership of Shri Narendra Modiji has shown tremendous progress in all areas and specifically mentioned about the various initiatives taken by the State Government for the development of rural economy through Agriculture growth and other developmental schemes covering non-farmers families as well. She noted that double digit growth in Agriculture in Gujarat State is noteworthy.

She recollected that less than a year ago, Hon'ble Chief Minister Shri Narendrabhai has addressed all field staff of the Banks on empowering women of the State through

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SATCOM conference and his conviction and commitment for this cause has resulted in inspiring the entire banking fraternity of Gujarat.

Accordingly Banks have sanctioned cash credit limit of Rs.1016 crores to Sakhi Mandals before the commitment date of MoU with GLPC and average credit per Sakhi Mandal has increased from Rs.15,000-Rs.16,000 to Rs.63,135 which has helped more than 24 lac women beneficiaries. She, however, noted that there is a need of providing hand holding support to the members of Sakhi Mandals and guiding them for utilisation of sanctioned limits. She urged upon for co-ordinated efforts by GLPC staff and Branch Managers together to achieve the goal of seeing that the members of Sakhi Mandals take up an economic activity soon for their livelihood.

She stated that Indira Awas Yojana which is one of the unique scheme, in the state in which 55,517 beneficiaries have been sanctioned DRI loan @ 4% for completion of their houses. She noted that commendable efforts have been made by Rural Development Deptt. and Banks to achieve this. However, a large number of applications are still pending and all Bank branch need to dispose off the same expeditiously.

She expressed confidence that by 31st March, 2012 all 3502 villages having population more than 2000 would be covered under Financial Inclusion Plan.

She said that the matter for adopting 'E-payment' mechanism is under discussion with the State Govt. Departments and requested all concerned for taking this initiative forward for implementation.

She also mentioned that initiative like Krishimahotsav and Micro Irrigation System of Gujarat Green Revolution Co. have helped a lot in improvement of agriculture production and productivity. She said that as at the end of review period, 27.65 lacs farmers have been issued KCCs and campaign for remaining farmers is already under implementation.

She urged upon all the Bankers to kindly take up financing to artisans in a big way and more particularly under CGTMSE scheme so that they could get collateral free loans from the Banks.

She informed that though Priority Sector Advances has crossed the bench mark level, however, there are ample opportunities for further enlarging lending to Priority Sector. She advised for adequate coverage and support to Weaker Section and Small and Marginal farmers within Priority Sector.

She expressed thanks to the State Govt. for providing land for RSETI and informed that now RSETIs are working in all the 26 districts where aspiring entrepreneurs are getting trained for taking up various vocations. She said that Banks are committed to support the dream of Hon'ble Chief Minister Shri Narendra Modi to take the State of Gujarat to the elite league of the most prosperous places of the world.

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She told that CD Ratio which is 70.35% as of December, 2011 is an area of concern, however, addition of lending made in Gujarat from branches located outside Gujarat, i.e. Mumbai and Delhi in particular, it works out to 84.76%. She also informed that CD Ratio in Gujarat was 49% in the year 2001, whereas it has now crossed 70% as of December, 2011.

She requested the Hon'ble Chief Minister to help Banks on the issue of charging stamp duty on sale of assets by Banks under SARFAESI Act. 2002

She placed on record her sincere thanks for a very good support and co-ordination extended by the State Govt. for the development of the State and implementation of the various schemes. She also thanked Govt. of India, Reserve Bank of India and NABARD for their continuous guidance and support to the Banks.

She assured the Hon'ble Chief Minister on behalf of all the members of SLBC for implementation of all the schemes for the inclusive growth for the people of Gujarat and ensuring the empowerment of women which is the key to stable prosperity of the State. On behalf of all the members of SLBC and on her personal behalf, she once again thanked Shri Narendrabhai Modi, the Hon'ble Chief Minister for being with members of the forum for this meeting and his guidance would help in our initiatives to work for the betterment and growth of the people of Gujarat. She also thanked Shri Saurabhbhai Patel, Shri Mallya and all other dignitaries and members of the House for making it convenient to attend the meeting.

Shri M.D. Mallya, IBA Chairman & CMD, Bank of Baroda stated that the State of Gujarat is one of the most prosperous States in the country owing to its agricultural productivity and industrial development. Its per capita income is 2.5 times more than the national average. He said that the State contributes 6.02% to national GDP at constant prices. Against the national growth of 8.52%, the State is growing at 11% which is well above to many other States of the country as well as some Asian countries.

Shri Suresh N. Patel presented Power Point Presentation containing various banking parameters and issues.

Branch Expansion :

Total No. of branches increased from 6433 as of March, 2011 to 6638 as of December, 2011. Out of the total branches, 68.87% branches are situated in Rural and Semi-Urban centres.

Deposits & Advances:

On year-on-year basis, Deposits grew by Rs.52,245 crores i.e. 21.10% and reached at Rs.2,99,879 crores.

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Advances registered growth of Rs.36,954 crores i.e. 21.24% on year on year basis and stood at Rs.2,10,961 crores.

CD Ratio :

CD Ratio increased by 1.32% over March, 2011 and reached at 70.35% as of December, 2011.

CD Ratio including lending by outside Gujarat Bank branches reached to 84.76% by December, 2011, based on figures received from 8 Banks. LDMs of seven districts where CD Ratio was below 40% (Anand, Kutch, Dangs, Dahod, Kheda, Navsari and Porbandar) were requested to draw Monitorable Action Plan to improve CD Ratio.

Progress under Service Area Credit Plan (SACP):

Overall achievement under SACP was 67.16%. Under Agri. Sector - 59.77%, MSME - 102.13% and Other PS - 64.80%. As against the target of Rs.38,441 crores, the achievement was Rs.25,817 crores. The performance under Agri. sector need to be improved. Shri Patel hoped that by the year end the performance would improve. He also requested LDMs of 21 districts whose performance was below the State Average to see that all the pending disbursements are effected and ensure proper reporting.

He also informed that as announced in the Union Budget 2012-13, the target for Agriculture has increased from Rs.4.75 lakh crores to Rs.5.75 lakh crores and according the district / State share would have to be re-worked out in consultation with NABARD. He emphasized upon the need to increase investment credit as it is seen that majority share of agri. sector is for production credit.

He also stated that in order to enhance production, productivity and diversification in agriculture sector, any bottlenecks and structural weaknesses need to be removed as advised by IBA.

He informed that out of 42.39 lakh land holders, upto December, 2011, 27.65 lakh farmers have been provided KCC facility and for coverage of remaining eligible farmers, he said that with the onset of Kharif season which the peak period during which maximum no. of KCCs are issued and to avail the benefit of the same, all Banks would launch a massive campaign. He also informed that as advised by the Ministry of Finance, Govt. of India, SLBC has sent a format to Member Banks and Lead District Managers for obtaining a certificate about 100% coverage of all eligible farmers in their villages be obtained from the Sarpach / Talati and confirm the same to SLBC. He expressed hope that by doing so, the difficulties in covering farmers under KCC fold would be solved to a great extent.

Priority Sector Advances :

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The achievement stood at 41.73% as against the stipulated benchmark of 40%. The Banks have extended Rs.13,832 crores to various categories of Weaker Sections. Though there was a growth of 27.73%, the performance was 7.37% which was below the stipulated benchmark of 10%. On implementation of Indira Awas Yojana - DRI loan scheme, the advances to DRI advances have shown some improvement, however, it is expected to improve when the entire sanction amount of Rs.111 crores so far would actually be disbursed. **Shri Patel** requested Members Banks to dispose off 82,748 pending applications.

Finance to Sakhi Mandals :

Banks have sanctioned cash credit facility to the tune of Rs.1016.51 crores to 1,60,905 Sakhi Mandals, however, 17,541 graded Sakhi Mandals need to be credit linked. Moreover, there is a wide gap in sanctioned and actual availment of the limit which need to be jointly addressed by the GLPC staff at the block level and Banks. Average credit per Sakhi Mandals has gone up from Rs.15,000/- to Rs.63,175/- during the year.

Exemption of Stamp Duty :

The validity period of exemption of stamp on instrument for extending finance upto Rs.1 lakh to all types of SHGs has been extended upto 19.12.2013. **Shri A.K. Joti**, Chief Secretary, Govt. of Gujarat informed that the limit for exemption of stamp duty has been raised from Rs.1 lakh to Rs.2 lakh.

Achievement under Govt. sponsored programmes :

The achievement under Govt. sponsored programmes was satisfactory in PMEGP (341%), SJSRY (83%), VBS (72%), GWEDC (70.70%), whereas there was a need for improvement in SGSY (61%), DCWD (64%) and GSCDC (46.89%).

Cases filed under State Recovery Acts :

Total 1,66,869 Recovery cases were pending amounting to Rs.443.39 crores. **Shri Patel** requested State Govt. authorities for their early disposal and help Banks for redeploying the same in economic activities.

Financial Inclusion Plan (FIP) :

Out of 3502 villages under implementation of FIP, banking services are being extended in 3151 villages as of February, 2012. **Shri Patel** requested to cover the remaining 351 villages by 31st March, 2012 as per the Roadmap.

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As per the communication of MoF, Govt. of India regarding setting up of Ultra Small Branches (USBs) in underbanked districts having population of more than 5000, total 110 centres have been identified for setting USBs.

As per the recent guidelines received from MoF, GoI, at all the FIP villages where at present BCs have been appointed, need to have USB wherein the Branch Manager has to visit to these villages for non-banking transactions on a fixed day and time atleast once a week for that State Govt. authorities is requested to provide 100 - 200 sq. ft space either at Gram Panchayat premises or at Milk Co-op. societies premises.

Green Initiatives-e-payment :

Under the Green-e-payment, Banks have to open No Frill a/cs to facilitate the e-payment of all the eligible beneficiaries. In all the 32 Central Govt. schemes administered by the State Govt., e-payment need to be ensured. GLPC has advised their district authorities to initiate the e-payment in 7 schemes operated by them. Other departments of the State Govt. need to operationalise their schemes for e-payment.

RSETI :

All the RSETIs have conducted 2825 training programmes and trained 90,983 entrepreneurs as of December, 2011. Of the total trained entrepreneurs, 55.31% have been settled with the help of Bank finance as well as by their own sources. **Shri Patel** requested sponsoring banks of RSETI to ensure to improve settlement ratio by tracking all the trainees trained at the RSETIs. He also requested for final land allotment of land for construction of RSETI premises at Gandhinagar and Panchmahal districts.

Financial Literacy and Credit Counseling Centres (FLCCCs) :

Though there are 30 FLCCCs have been set up in the State in 24 districts, still in Tap[and Dangs districts, the same are yet to be set up the concerned Lead Bank. All the FLCCCs which are so far not converted as per RBI model should expeditiously need to be converted.

Issue concerning all Banks :

- (i) In Gujarat, double stamp duty is being charged while selling the assets where possession is taken by Banks under SARFAESI Act, 2002. As this being not a real sale transaction, but only a recovery procedure by Banks, Banks requested State Govt. to exempt the Banks from paying the double stamp duty. It was informed that in such type cases, stamp duty is not charged in other States.
- (ii) Computerisation of land records in Gujarat - Online verification of land records, creation and release of bank charges :

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As per the communications from MoF, Govt. of India dtd. 9.2.2012 relating to online verification of land records and creation and release of mortgage, Banks should have online access to the land records to finalise the requirement of the farmers as well as the facility for creation and release of mortgage charge.

In order to streamline the process and finalisation of the modalities for the following issues, it was suggested to form a Sub-Group of SLBC comprising three Lead Banks, RBI, NABARD and various departments of State Govt. viz. Finance Department, RDD, Agriculture and Co-operation and Revenue Department.

- Green initiatives -e-payment - EBT
- Online viewing of land records, creation and release of bank's charge
- Progress in issuance of KCC

Shri H.R. Dave, Chief General Manager, NABARD mentioned that the penetration of banking system is very low in tribal areas. He informed that due to unclear land titles many farmers from these areas are still out of the fold of Kisan Credit Card and suggested that these farmers can be brought under the fold of KCC through the concept of Joint Liability Group. He also informed that on an average, there is a Farmers' Club per every 3 villages. Banks can, through these Farmers' Clubs, develop their agri. business as well as the spread the knowledge of latest farm technology amongst the farmers for value added agri. products.

Shri Narendra Modi, Hon'ble Chief Minister, Gujarat State requested Bankers to become partners in the journey of development of Gujarat. For this, first priority is to know what are the potentialities of the development of the State, what is its direction and in that what our role is and by identifying that role, constructive role can be played. He suggested for mapping the development and accordingly the plan for future development should be worked out.

He said that the development of tribal belt from Ambaji to Umargam need to be focussed for the allround upliftment of the tribal communities by providing various banking inputs like Kisan Credit Card and other term loans and finance for self-employment loans.

He also emphasised the importance and opportunity for the people staying periphery of 1600 long KMs coastal areas for their sea-based activities and value addition therein by establishing a processing houses, cold storages, etc.

He also suggested for framing the schemes for the developing infrastructure through the bank finance and opportunities for self-employment in these centres in order to accelerate the development of tourism centres.

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He noted that CD Ratio of Kutch is around 29%. He stated that the district has developed rapidly after the earthquake 2001 and as informed many industries established there might avail credit facilities from out of the State. But despite all the adverse climatic conditions in the districts, the farmers of the district are progressive and adopt latest agro technology and the mangoes and dates grown in the district are exported to various parts of the country as well as other countries of the world. Moreover, Kutch handicrafts are well known all over the world. He therefore suggested that Banks should develop banking products to cater to the financial needs of these people which would help in improving CDR of the district. He also suggested for designing area specific, purpose specific target.

He said that the Gujarat is moving towards agro tech where not only big farmers, but small and marginal farmers have also moved towards value added farming and for inspiring them, the Banks should come with the various schemes such as Godowns, Cold Storages, Warehouses, agro infrastructure, technical inputs, etc.

He said that the Sakhi Mandal Project is one of the important projects of the State Govt. through which Govt. wants Women to be partner in taking decisions on financial matters. Govt. has 30 corporate houses as partner for Sakhi Mandal projects which helps Sakhi Mandals in undertaking economic activities by way of providing raw-materials as well as purchase / selling of their products. He felt that Banks should take care of financial needs of these corporates to make the tie-up with Sakhi Mandals successful.

For extending education loans, he suggested Banks to tie up with various universities for on the spot sanction of education loans to the needy students for pursuing higher education.

He also suggested Banks to install CC TV camera outside the branch premises so that the incidence of robbery can be avoided.

Shri Ramesh Rangan, Chief General Manager, State Bank of India while presenting vote of thanks mentioned that Banks are with the State Govt. in its strive for economic development and well being of the people of the State. He extended thanks to the Hon'ble Chief Minister for his valuable guidance and suggestions for the betterment of the farmers and weaker sections of the society. He also thanked all other dignitaries and the participants present in the meeting.
