

SLBC: ASSAM
MINUTES OF THE SPECIAL STATE LEVEL BANKERS' COMMITTEE, ASSAM
HELD AT ASSAM ADMINISTRATIVE STAFF COLLEGE, KHANAPARA, GUWAHATI-22
ON 06-02-2013

The Special State Level Bankers' Committee meeting for the state of Assam was held on 6th February, 2013 in the conference hall of Assam Administrative Staff College, Khanapara, Guwahati. The meeting was chaired by the Hon'ble Chief Minister of Assam Shri Tarun Gogoi and co-chaired by Dr. D. Subbarao, Governor, Reserve Bank of India. The list of the participants is enclosed.

Dr. D. Subbarao Governor, RBI extended welcome to the dignitaries present in the meeting, particularly the Chief Minister of Assam, the Chief Secretary GoA and other senior officials of state government, the top executives of banks and all other officials of the Banks. The Governor RBI opined that **“This is the largest SLBC meeting he has ever attended across the country”**. He then requested the State Govt. for making the presentation and also requested the Chief Minister of Assam to indicate his expectations from RBI and other banks.

The Chief Secretary, GoA, Shri N.K.Das welcomed the dignitaries present in the meeting and then requested Commissioner & Secretary, Finance Deptt. GoA for a power point presentation.

The Secretary Finance, GoA, highlighted the following points, while making the presentation

- Though the CD ratio increased to 46.6% as on 30th September, 2012 which is encouraging, but is still far below National average. Many banks had a CD ratio below 40% (13 banks) and introduction of some incentives/disincentives to these Banks for improving performance may be considered by RBI.
- Per Capita credit flow is low in the State in spite of increasing CD ratio. The availability of institutional credit per hectare of gross cropped area in the state is Rs 2626 as against all India figure of Rs 15,379. Remedial measures are needed to bridge this huge gap.
- There are 27.50 Lakh farmer families in the State of which 85% are small and marginal farmers. Credit for agricultural activities is 20.4%. Against target of 6.44 Lakh KCCs for FY 2012-13 only 1.33 Lakh KCC issued till 31st December, 2012. Issuance of KCC needs to be stepped up.
- There has been significant improvement in priority sector lending by public sector banks but private sector banks are lagging behind. There is a need for setting up of a mechanism for ensuring that private sector banks meet their credit obligations under the Annual Credit Plan.
- There are 20 Lakh unemployed educated youth in State which is a cause of concern for the State. Inadequate Manpower in banks is a major constraint. RBI to sensitize the FIs for credit under MSME sector. Banks insist on collateral security even for loans below 10 Lakh. All PSU

- Banks should open one MSME Branch in each district. Norm of 90 days to declare loan as NPA may be revised to 180 days for NE region as a special case. Bridge loan as an interim measure during the gap period between sanction & receipt of subsidy to be considered. Concessional loan to MSME to be considered.
- Total number of bank branches in 27 districts of Assam is 1706. As per 2011 census, the bank-branch population ratio in Assam stands at 19,524 against national average of 13,147. To meet the national figure in Assam another 700 Bank branches need to be opened.
- There is 100% coverage of all 2319 villages with population above 2000 which is a commendable job done by various banks by March, 2012. However, for FY 2012-13, out of the total 5224 villages with 1000 to 2000 population allotted to banks only 1039 have been covered. State Bank has covered about 88% of their target, other banks to focus and to cover by March, 2013. Only 52% of households have a bank account in the State. For implementation of the proposed direct cash transfer scheme, financial inclusion of all the households is a prerequisite.
- For MGNREGA payment 2% transaction charge claimed by Banks i.e SBI, AGVB and CBI for payment through Business Correspondent model may be waived. For SGSY/NRLM, the Credit component is disbursed to SHG on higher interest rate whereas Grant/ subsidy are retained in the form of FD at lower rate of interest as collateral security. Such practice should be discontinued.
- Bank branches opened in rural areas should not be shifted to town areas. One man bank branches are unable to handle large volume of work related to MGNREGA, IAY, NSAP, (Old age pension schemes) etc. More man power should be provided in rural Bank branches.

Sri Tarun Gogoi, Chief Minister of Assam while extending thanks to all the dignitaries, expressed happiness that participation of banks in the SLBC meeting was large and the banks were helping the state in rapid economic development but there is still a long way to go. He laid stress on the following issues in his deliberations:

- Lot of economic development has taken place in Assam, but huge unemployment problem remains. However, geographical location, road connectivity, rail connectivity etc. have disrupted the flow of trade and commerce in the State.
- Scope for big industry in the state is minimal. The only way is growth in agriculture and MSME sectors to take care of the unemployment problem and overall development of the State.
- 80% people live in the rural area. Banks have to play a vital role and ensure maximum benefit to the rural populace. Our Govt. has laid stress on more and more banking in the rural area.
- Investment from private sector is very very limited.

- State Govt. provides subsidy for power tiller, tractor under Chief Ministers' Employment Guarantee Scheme. Hence banks to come forward to finance Farm Mechanizations in a big way.
- Hon'ble Chief Minister Sri Gogoi expressed confidence that banks can change the whole scenario in the state of Assam. Banks are crucial to socio economic development as credit flow is linked to banks.
- Performance of the banks should be evaluated based on the credit flow in rural sector and only then the inclusive growth can be assessed.

He assured full co-operation from his government to the banks for taking initiatives for the development of the State. He concluded his speech giving thanks to RBI for issuance of various operational guidelines and other Banks which he felt will go a long way in poverty alleviation programme.

Shri Pratip Chaudhuri, Chairman SBI expressed his happiness of being able to participate in this special SLBC meeting. He extended welcome to Hon'ble Chief Minister of Assam Shri Tarun Gogoi, Dr. D. Subbarao, Governor, RBI, Deputy Governors, RBI, CMDs of UCO, Allahabad Bank, CBI, Executive Director of UBI, Canara Bank and all other officials from Govt. Departments and Banks present in the meeting. The Chairman, SBI also expressed gratefulness to the Chief Minister of Assam for agreeing to chair the Special SLBC meeting which will definitely encourage the banking community to undertake various banking activities with greater vigour for all round development in the state of Assam. It also demonstrates the Govt.'s keenness to understand the challenges they face and more so the Govt.'s willingness to resolve them.

He was also very much thankful to the Governor Reserve Bank of India Dr. D. Subbarao for co-chairing the meeting and for taking keen interest in reviewing the banking activities in the state of Assam, particularly in enhancing the credit flow to Priority Sector.

He mentioned that on 27.06.2011, when he had participated in the SLBC meeting, Hon'ble Chief Minister had advised all the SLBC member Banks to augment lending for agricultural activities in Assam. He expressed his happiness to announce that all banks have collectively achieved 94.31% of the agricultural lending target of the Annual Credit Plan, for the year 2011-12 and efforts continue to further increase credit flow to the agri sector.

Regarding staff shortages particularly in rural areas, the chairman SBI informed that State Bank of India has currently 6000 staffs working in rural areas in the state. SBI has recently concluded recruitment of another 500 Junior Staff and 150 officers in Assam which will go a long way in augmenting the staff strength and the complaints/ grievances of staff shortage will no longer be there.

The Banks are also increasingly expanding the foot print and the number of branches of commercial banks in the state increased from 1668 as on

31.03.2011 to 1747 as on 31st December, 2012 and another 50 branches are slated to be added before 31.03.2013.

As far as CD ratio is concerned, he expressed his happiness that CD ratio has increased close to 46%, but there is bank wise variation. For SBI it is 49%, and one thing needs to be reckoned in computing the CD ratio that there are large number of all India companies like Indian Oil Corporation, NTPC etc. and large number of contracting firms who are building facilities like roads in Assam, but their credit facilities are conducted from Delhi, Mumbai, Kolkata, Hyderabad etc. Therefore, the credit facilities to the extent their activities are in the state of Assam should also be attributed to the CD ratio for the state of Assam. It will also be extremely useful if the State Govt. also improve the credit absorption capacity by promoting more industrial clusters and improving infrastructure.

Regarding the lending in MSME Sector without collateral security, the chairman, SBI, assured the house that all industrial and business enterprises except retail trade requiring financial assistance up to Rs. one Cr are financed under the Central Govt. CGTMSE guarantee scheme, where no collateral is needed or insisted upon.

He once again reiterated bank's commitment to an all round development of the state of Assam. SBI is the lead bank in six relatively lesser developed districts of Assam and the Bank was quite aware of the responsibility to bringing about an improvement in the living standards of the people in the state of Assam with our collective efforts.

The Governor, RBI thanked the Chief Minister for clearly articulating his expectations from the banks for the development of Assam. He also thanked the Chairman SBI for giving an account of the impressive accomplishments of all commercial banks in the state of Assam. What has been achieved is laudable and quite a lot has been done. The Chief Minister himself has acknowledged the contributions of the banks.

The Governor, RBI then specifically asked the commercial banks the reason for low growth under MSME sector. In response, all the commercial banks responded that infrastructure like poor road condition, difficulties in conversion of Agri land to industrial land, inadequate power supply etc. are hindering the growth under MSME.

The Governor, RBI asked confirmation from banks about collateral free MSME loans up to Rs.1.00 Cr. On reply to the Governor RBI, the Chairman of SBI informed that SBI has shifted the sanctioning of all loans from branch to Centralized processing centre located in Zonal Offices/ RBOs and Head Office. SBI has 9 RBOs where he assured that all MSME loans up to Rs.1 Cr are sanctioned without collateral since the scheme of CGTMSE is available. To promote and to encourage MSME, SBI is also bearing the cost of CGTMSE

guarantee fee one time @1/2% and recurring fee @0.75% payable to CGTMSE on behalf of borrowers.

Shri R.T. Jindal, IAS, Principal Secretary, Industries, GoA appraised the Governor, RBI that it is true that all banks are not insisting for collaterals but some bank branches still insist on collaterals. Under Credit Guarantee Scheme, the State Bank of India is doing well but many banks are not using the scheme.

Secondly, the average project cost of PMEGP in the state during last four years since inception of the scheme has been less than Rs.3 lakh only. The high cost projects are usually discouraged or rejected.

Thirdly, there is usually a gap between sanction and disbursement of subsidy. Branches keep on waiting for receipt of subsidy and sometimes the gap is 6 months. During this gap, the beneficiaries are not able to get the benefit of the project.

Lastly, he said that shortage of man power in the branches, particularly in rural /semi urban branches affects the implementation of scheme.

The Governor, RBI then asked the position prevailing at other banks so far MSME loans are concerned.

Smt. Subhalakshmi Panse, CMD, Allahabad Bank, in response to RBI Governor said that MSME is a priority area and there is specific guideline for MSME loans. GM, MSME is monitoring and there has been substantial improvement in the awareness level in terms of loan mela organized for the purpose. In Allahabad Bank, loans under MSME are sanctioned without collateral up to Rs.1.00 Cr covered under CGTMSE guarantee scheme.

The Governor, RBI, suggested whether the beneficiaries can approach banks for preparation of viable projects. In response, the Chairman SBI suggested that State and Central Govt. may be having requisite expertise in their industry departments for preparation of the projects based on locally available resources and are best suited to handle required assistance. The Chairman also mentioned that one Nodal Officer has been appointed at Guwahati LHO of the bank to look into all issues related to MSME.

The Deputy Governor, Dr. K. C. Chakrabarty, while discussing on RSETIs, informed that RSETIs can help in training the beneficiaries on how to approach the banks/different departments/the benefits available and how to avail of loans from the Banks. Project preparation is altogether a different issue.

The Principal Secretary, Finance, Shri H.S. Das informed that in every district there is a District Industries Centre. The Project Manager in each DIC looks after preparation of projects.

The Executive Director, Central Bank of India, Sri R. K. Goyal informed that Central Bank has 21 branches in Assam and they are giving focused attention to SME finance which has registered a good growth of Rs.22 Cr during last 9 months.

The Executive Director, UBI, Shri Sanjay Arya informed that they have also improved loan dispensation process and so far MSME is concerned, up to Rs.1.00 Cr, no collateral security is obtained for finance under CGTMSE guarantee coverage.

The Executive Director, Canara Bank, Smt. Archana Bhargava informed that they have a small presence in Assam with 28 branches only. All the branches are financing under MSME and 45% of the loans consist of Priority Sector. They are having clear guidelines on MSME loan and loans up to Rs.1 Cr are financed under CGTMSE coverage without any collateral.

The Governor, RBI then asked the Govt. authorities any issues on land conversion:

In response Mr. V. K. Pipersenia, Principal Secretary, Agriculture and Co-operative, Govt. of Assam, replied that State policy is not to allow indiscriminate conversion of Agriculture land to Industrial use. However, **Hon'ble Chief Minister agreed that there will be no problem for conversion of Agriculture land for MSME / Industrial use.**

Chief General Manager, SBI appraised the following points:

- (i) The level of NPA is very high which becomes an inhibiting factor for banks. Once a farmer becomes a defaulter, it is very difficult to extend further credit.
- (ii) Levying of stamp duty upfront for filing Bakijai cases makes it unviable for the bank.
- (iii) Registration of Title Deeds and computerization of Land Records should be done.

The Governor, RBI informed the house about the following decisions taken after detailed discussions:

- (i) Lending to SME sector to be increased by Rs. 3800 Cr. over December'12 level in FY 2013-14.
- (ii) The issues regarding conversion of agri land for Industrial use will be resolved by the State Government,
- (iii) No collateral security up to project cost of Rs.1 (one) Cr. for MSME sector by Banks.
- (iv) All Banks together will open 200 branches in Assam by FY 2013-14.

(v) NABARD along with State Govt. to arrange for establishing 1(one) Lakh JLGS in the state of Assam and suggested coverage of 2-3 districts to begin with.

(vi) EBT to be implemented in the state.

(vii) Govt. of Assam will examine Waiver of ad-valorem stamp duty upfront at the time for filing Bakijai cases.

(viii) Kisan Credit Cards to the farmers will be issued in a Mission Mode. State Govt. and the banks will work jointly for this purpose.

(ix) Every household in the state must have a bank account. State Government, through the DCs and the lead banks will organize district-wise campaigns for opening bank accounts for all hitherto uncovered households.

The meeting ended with a vote of thanks by Shri Rajnish Kumar, Chief General Manager, State Bank of India, North East Circle.

@@@@@@@@@@@

LIST OF PARTICIPANTS IN THE SPECIAL SLBC (ASSAM) MEETING HELD ON 06.02.2013

(A) State and Central Govt. Officials.

No.	Name	Designation	Deptt./Organisation	Place
1	Shri Tarun Gogoi	Chief Minister	Govt. of Assam	Guwahati
2	„ N K Das	Chief Secretary	„	„
3	„ H.S.Das	Principal Secretary, Finance	„	„
4	„ R T Jindal	Principal Secretary, Industries	„	„
5	„ V.K.Pipersenia	Prin. Secy, Agl. & Co-op	„	„
6	„ J.B.Singh	„ „ P&RD	„	„
7	„ P.K.Borthakur	Comm & Secretary Finance	„	„
8	„ Ashish Bhutani	Secretary, Finance	„	„
9	„ Rajesh Prasad	Comm & Secy, Industries	„	„
10	„ K.K.Dwivedi	Comm & Secy, P&RD	„	„
11	„ S.M. Hussain	Secretary, Higher Edn	„	„

(B) RBI, NABARD etc.

No.	Name	Designation	Deptt./Organisation	Place
12	Dr. D. Subbarao	Governor	Reserve Bank of India	Mumbai
13	Dr. K.C Chakrabarty	Deputy Governor	„	„
14	Shri H.R.Khan	„	„	„
15	„ Anand Sinha	„	„	„
16	Dr. Urjit Patel	„	„	„
17	Shri R.Gandhi	Executive Director	„	„
18	„ Vijaya Bhaskar	„	„	„
19	Dr. Deepali P. Joshi	Executive Director	Reserve Bank of India	Mumbai
20	Shri S.Gopalakrishnan	„	„	„
21	„ D.K.Mohanty	„	„	„
22	„ S.Karuppaswamy	„	„	„
23	„ S. Padmanabhan	„	„	„
24	„ P.K.Jena	Regional Director	Reserve Bank India	Guwahati
25	„ A.K.Pandey	GM(I&A)	„	„
26	„ P.S.Sundar	GM	„	Shillong
27	„ S.M. Routray	GM	„	Guwahati
28	„ G.N. Murthy	GM(RPCD)	„	„
29	Smt. M.C.Rawal	DGM	„	„
30	„ Arpita P Biswas	DGM	„	„
31	Shri Prakash Bakshi	Chairman	NABARD	Mumbai
32	„ V.Marutiram	Chief General Manager	„	Guwahati

(C) Banks and other Financial Institutions

33	„ Arun Kaul	CMD	UCO Bank	Kolkata
34	Smt S. Panse	CMD	Allahabad Bank	Kolkata
35	Shri R. Goyal	Executive Director	Central Bank of India	Mumbai
36	Shri Sanjay Arya	Executive Director	United Bank of India	„

37	Smt. A.Bhargava	Executive Director	Canara Bank	Banglore
38	Shri P K Purkayastha	Chairman	LDRB	Diphu
39	„ S. S. Singh	Chairman	AGVB	Guwahati
40	„ R K Sarma	Sr. Manager	AGVB	Guwahati
41	„ S.K.Mukherjee	Zonal Manager	Bank of India	„
42	„ Raman Agarwal	General Manager	Union Bank of India	Kolkata
43	„ Prem Kumar	General manager	Bank of India	„
44	„ M.L.Jain	GM	Bank of Baroda	Kolkata
45	„ Manas Dhar	General Manager	UBI	Guwahati
46	„ G.P.Sharma	DGM&CRM	„	Guwahati
47	„ U Purkayasth	Manager	„	„
48	„ S.N.Singh	DGM	Central Bank of India	„
49	„ D.N.Sarkar	Chief Manager	„	„
50	„ Sagnik Chatterjee	Circle Head	Punjab National Bank	„
51	„ Satyanarayana	Dy. General Manager	Vijaya Bank	„
52	„ K.M.Thirunabukkarasu	General Manager	IOB	„
53	„ P.K.Sharma	Field GM	Punjab National Bank	„
54	„ P Ramachandran	General Manager	Syndicate bank	„
55	„ H.N. Shetty	Chief Manager	Vijaya Bank	„
56	„ P.K.Biswas	GM	IDBI Bank	„
57	„ Basab Ray	DGM	„	„
58	„ Dipankar Das	AGM	IDBI Bank	Guwahati
59	„ B. B. Sahay	Circle Head	UCO Bank	Guwahati
60	„ P.K.Sharma	DGM(FI)	„	„
61	„ Naresh Kumar	Zonal Manager	„	„
62	„ S. Mallik	AGM	OBC	„
63	„ Rakesh Sinha	Sr. Vice President	KMB	Guwahati
64	„ A. Hazarika	Chief Manager	„	„
65	„ Subhajyoti Majumder	DGM	Dena Bank	Guwahati
66	„ N.K.Bhattacharjee	DGM	Syndicate Bank	„
67	„ A.K.Grover	AGM	Bank of Baroda	Guwahati
68	„ M.K.Dutta	Dy. RM	„	„
69	„ R.N. Mohanty	Sr. RM	IOB	„
70	„ V.Sundarajan	Chief Manager	BOM	Guwahati
71	„ Sanjay Neware	Senior Manager	Bank of Maharashtra	„
72	„ R.K.Sarma	Chief Manager	AGVB	Guwahati
73	„ C. Arumugam	DGM/Zonal Manager	Indian Bank	„
74	Dr K. Tamil Selvan	Chief Manager	Indian Bank	„
75	Shri D.D. Sharma	DGM	P&SB	Kolkata
76	„ Kirpal Singh	Zonal Manager	„	Guwahati
77	„ B.Paul Muktieh	CMD	NEDFi	„
78	„ Sabry Waheed Ali	Vice President	HSBC	„
79	„ Sanjiv Kumar	Regional Head	ICICI Bank	Kolkata
80	„ R.Vikramaditya	Zonal Manager(Risk)	„	„
81	„ Pritesh Nath	Dy Vice President	HDFC Bank	Guwahati
82	„ Kallol Nath	Asstt. Vice President	„	„

83	„ A M Sarma	General Manager	NEDFi	„
84	„ P C Das	Director	KVIC	„
85	„ T.K.Mukhayapadhyay	DGM, ZH	Federal Bank	Kolkata
86	„ Aniruddha Dutta	Chief Manager	„	Guwahati
87	„ Nayanjyoti Das	Chief Manager	ICICI Bank	„
88	Dasa Majhi	AVP	Axis Bank	
89	„ Ramesh Baswadis	AGM	Canara Bank	„

(D) Convenor Bank

90	Shri Pratip Chaudhuri	Chairman	State bank of India	Mumbai
91	„ V. Eswaran	General Manager	„	„
92	„ Rajnish Kumar	Chief General Manager	„	Guwahati
93	„ M.A.Sahu	GM,NW-1	„	„
94	„ Faruque Sahab	General Manager,NW-2	„	„
95	„ A.K.Choudhury	DGM(OR)	„	„
96	„ S.C.Sen	AGM(LB&RRB)	„	„
97	„ A.R. Goswami	AGM (ABU)		

@@@@@@@@