

MINUTES OF BANKERS' MEETING ON PROBLEMS IN CREDIT OFF-TAKE IN MIZORAM DATED 10.10.2019

Following to the request of the Chief Secretary, Government of Mizoram during the course of SLBC Meeting held on 9th September, 2019, a meeting of bankers was held at the Conference Hall of RBI, Aizawl on 10th September, 2019 to sort out the problems face by banks in connection with sanction of loans in the state. The meeting was chaired by Pu L.P. Lalchangkima, Regional Manager, SBI and attended by representative from all banks operating in the state. The meeting discussed various problems faced by banks and the important points emerged as issues that stand in the way of credit of-take in banks listed below for kind follow up by the government:

1. Income Proof document not available:

Many prospective customers do not have income proof documents like Audited Balance Sheet, GST Return and income tax return which are required for assessment of loan requirements.

2. G.S.T. Return not available:

Most of the applicants do not have G.S.T. return document which is required for MSME loans. The state government is requested to give awareness among the public in this regard.

3. Non-Filing of Income Tax Return (ITR):

In many loan schemes like 59Minute (CLP) loan, housing loan to businessmen, car loan to businessmen etc. ITR is mandatory. Though Mizo people are exempted from paying income tax but filing ITR will help them to avail the above facilities. State government is therefore, requested to give awareness to the general public.

4. Business Continuity Proof not available

Many prospective borrowers do not have audited balance sheet to show that their business continued in the past.

5. Land Holding pattern at rural centers

The land holding pattern at rural center is not eligible for mortgage as there is no LSC. The state government may take initiative to extend LSC in rural areas.

6. Non-issuance of Form 16:

DDOs/Employers do not issue Form 16 (under rule 31(1)(a) of IT Act for their employees who applied loans. This should be issued.

7. Change of Salary account to other bank

In order to obtain new loan many government employees migrated their salary account from one bank to another before liquidating their existing loans causing resulting themof becoming NPA. Therefore, DDOs are requested to insist 'No liability Certificate' from the previous bank in respect of employees who asked for letter of authority for obtaining the loan and shifting of salary account to other bank.

8. Lack of knowledge of project report by candidates under PMEGP scheme:

Most of the PMEGP candidates do not know details of the project they submitted to banks for implementation. It is suggested that candidates who do not know details of their project should not be recommended to banks.

9. Project Report of PMEGP loans

It was reported by some banks that project reports were sold to the candidates of PMEGP borrowers at an exorbitant rate. This may be provided free of cost.

10. Prompt Issuance of clearance certificate

All regulatory clearance should be issued promptly by the concerned departments like Pollution certificate.

11. Approval on layout plan of blue print for housing loan:

In respect of housing loan proposals in Aizawl city, approval should be given by AMC in the blue print of the layout plan. This is not done.

12. List of empanelled architect/engineer to be shared with banks

Banks find difficulty on the genuineness of architect/engineer who prepared the estimates/blue print for housing loan. It will be good if the AMC share the up-to-date list of panel of architect/engineer to banks.

13. Prompt Issue of Land Leased Agreement to be issued promptly

Our experience is that issuance of Land Leased Agreement always got delayed by the department.

14. Permission under Shops & Establishment Act

Prospective MSME borrowers find problems in obtaining permission under Shops & Establishment Act from Labour, Employment & Skill Development Entrepreneurship (LESDE) Department. The state government is requested to ease the procedure for issuing permission in this regard.

15. Poor connectivity mostly in rural areas

The poor connectivity in rural areas affected the functioning of banks and BCs in rural areas.

16. Undue delay by district authorities in physical possession of mortgaged property

It was reported that undue delay has been observed on the part of the district authorities for physical possession of the mortgaged property jeopardizing the interest of bank.