

## SLBC History

In the October of 1968, a study group (headed by late Dr. R. Gadgil) on 'Organizational framework for implementation of social objectives' was set up by the National Credit Council.

The group recommended adoption of "area approach" for evolving plans and programmes for the development of banking and credit structure in October 1969. The group suggested that district should be the unit in area approach.

Soon after nationalization of major commercial banks in 1969, a committee of banks headed by Sri F.K.F. Nariman, the then custodian of Union Bank of India, was appointed by Reserve Bank of India to evolve a coordinated programme for ensuring the spread of adequate banking facilities in the country. The committee had a view that for assisting the process of the balanced regional development each bank should concentrate on certain districts.

Based on the recommendations of Gadgil study group and of the Nariman Committee, Reserve Bank of India finalized Lead Bank Scheme giving concrete shape to area development approach and Commercial Banks were assigned with the lead bank responsibilities in particular districts to act as pace setters in providing integral banking facilities under Lead Bank Scheme in 1969.

The main aim of the lead bank scheme is to provide collective action by banks and other financial institutions in the implementation of bankable schemes for improvement in the district economy. For ensuring effective and collective action coordination becomes a vital function to be performed by lead banks. It was in this context that Reserve Bank of India advised the lead banks to create an appropriate forum by setting up District Level Consultative Committees (DLCCs) in their lead districts.

The vast expansion of banking network and the major shift in their orientation towards new role assigned to banks through Lead Bank Scheme brought into sharp focus the need for adequate machinery for enquiring coordination at different levels of the organization. The study group on the working of lead bank schemes in Gujarat and Maharashtra in their report recommended that the State Level Committees be set up (where they do not exist) or be activated to ensure coordination and periodical review of lead bank scheme at state level. These state level committees, known as State level Consultative committees were expected to make significant contribution in resolving problems which could not be settled at DCC meetings being beyond the powers of District level functionaries. The Department of Revenue and Banking, Government of India, at the close of 1976 desired immediate organization of State Level Bankers' Committee in all the states to create adequate coordination machinery at State level on uniform basis. Convenorship of SLBC was assigned to Lead Bank of the State.

The guidelines on functioning of these SLBCs are given here below:

### **Status of the Committee**

The State Level Bankers' Committee (SLBC) has been envisaged as a consultative and co-ordination body of all financial institutions operating in each state. The Committee is expected to discuss issues, consider alternative solutions to the various problems in the field of banking development and evolve a consensus for co-ordinate action by the member institutions. All the member institutions are, therefore, expected to approach the committee's tasks in spirit of co-operation and intimate involvement without which the committee is likely to lose its utility and become a mere debating forum.

### **Organizational Structure**

The State Level Bankers' Committee comprise of the representatives of all the commercial banks and the Chairmen of Regional Rural Banks operating in the state. Representatives of State Co-operative Bank, Land Development Bank, Reserve Bank of India and NABARD are also to be

invariably invited to attend the meeting of the committees. The concerned State Govt. officials also participate in the meetings of this forum by invitation.

Banks having sizeable scale of operations in the relative state are expected to be represented at the level of Zonal / Regional Managers so that expeditious decision making becomes possible. The Regional Rural Banks would be represented by the Chairmen. Banks having less than 5 branches in a state could, however, be represented by Manager of the Branch of the Bank located at state headquarters.

It is possible that in many states the membership of the State Level Bankers' Committee may be too large to permit effective deliberation, maintenance of liaison and decision-making. In such a situation, the Committee may constitute a 'Steering Sub-Committee' comprising representative of State Co-operative Bank and the Land Development Bank to discuss problems and evolve a course of action for adoption by the full committee. The representatives of the Commercial Banks on the steering sub-committee may not be below the rank of Regional/Zonal Managers. The Regional Rural Banks because of their special nature of responsibility be given adequate representation in these 'Steering Sub-committees' also.

If the State Level Bankers' Committee or the steering sub-committee desires to have any specific problem to be studied in depth and course of action outlined, there is no objection to their entrusting the tasks to Study groups comprising of representatives of 3 to 4 banks more intimately concerned with the problem or having greater expertise at their command.

Banks, specifically designated as convenors of the State Level Bankers' Committee in various states, may not delegate this responsibility to any other bank. There is however, no objection to the representatives of different banks being made the Chairmen of the Steering Committees or study groups for the requisite secretarial assistance to the State Level Bankers' Committees. This would involve issue of notices, preparation of agenda papers, keeping and circulating record of discussions and decisions and following up action points arising out of them. It is expected that each convener bank would provide small cells to service these committees at the offices of the Zonal/Regional Managers in charge of the State in which it has assumed the convenorship responsibility.

### **Periodicity of SLBC Meetings**

Each State Level Bankers' Committee may meet as often as necessary keeping in view the business on hand. It is, however, expected that the frequency of such meetings will in no case be less than once every quarter. The Steering sub-committee' is expected to meet more often than the main committee. It would, however, be useful if the State Level Bankers' Committee do meet and discuss issues before every meeting of the State Level Coordination Committees, so as to facilitate the banks to take a constructive and coordinated view of the problems proposed to be discussed by the State Level Bankers' Committee.

### **Attendance at the Meetings**

It is expected that the nominated representatives of the Bank will attend all the meetings of the main committee, the Steering Sub-committee or any study group. If for any unavoidable reason a nominated representative of bank can not be present at any particular meeting, he should nominate his next-in command to attend the meeting on his behalf, after duly briefing him about the Bank's views on the various items of the agenda for the meeting. The objective should be that issues for considerations do not get postponed for want of attendance of the representatives of the banks.

### **Proceedings and Follow-up Actions**

The proceedings of the meetings of the committee or its sub-committees may be drawn up by the Convenor Bank and circulated to all the members within a fortnight of the date of the meetings.

Each bank is expected to initiate follow-up action on the consensus arrived at the meetings of the committee. Every endeavor should be made to implement all the recommendations of committee. In any case, the decision not to implement any of the recommendations of the committee be taken only after reference to examination of the question at the head office of the Bank.

The Convenor Bank may present to the committee an assessment report on the following-up action taken by the bank on decisions of the committee. Cases of non-acceptance of non-compliance with the recommendations of the committee may be specifically listed in such reports.

### Scope of Activities

All the State Level Bankers' Committees are expected to take up for consideration such issues as have been raised by the member banks or by the State Government authorities and questions or inter bank difference of views and approach remaining unresolved at the district level consultative committee. While all the State Level Bankers' Committee are expected to address themselves to the problems particular to the concerned State, some of the problems which are expected to be concerned to all the states and which many of the State Level Bankers' Committees have already taken up or decided to take up for consideration are briefly enumerated below -

- ? Regional imbalances in availability of banking facilities
- ? Regional imbalances in deployment of credit
- ? Area demarcation for effective coverage
- ? Liaison with State Government
- ? Review of the functioning of District Consultative Committees
- ? District Credit Plans
- ? Regional Consultative Committees
- ? Uniformity in terms and conditions of lending
- ? Review of Credit Flows

### Responsibility of SLBC Convenorship in Maharashtra

The responsibility of SLBC Convenorship in Maharashtra is with Bank of Maharashtra. There are various important sub-committees of SLBC as under.

### Subcommittees / Special Groups of SLBC (Existing).

SN	Name of the Committee	Periodicity	Date of last meeting	To be Chaired by	Members
1	Subcommittee on Export Promotion	Half Yearly	29.8.2009	ED	? Principal Secretary Planning & Institutional Finance (Lead Bank) GOM ? Commissioner Industries, GOM ? Foreign Exchange Dealers' Association of India ? ECGC ? Federation of Indian Export Organisation ? CGM, RBI, Mumbai

					? CGM, NABARD, Pune ? EXIM Bank ? General Manager SBI / BOI / CBI / UBI / PNB / BOB / Dena Bank  ? Mahratta Chamber of Commerce, Industries & Agriculture, Pune ? BOM – Secretary
2	Subcommittee on RSETIs	Quarterly	-- (Scheduled during Nov. 2009)	Chairman, SLBC / to be co chaired by Secretary, RDD, GoM	? CGM, RBI, RPCD, Mumbai ? Regional Director, RBI, RPCD, Nagpur ? CGM, NABARD, Pune ? SBI, LHO, Mumbai ? General Manager Priority BOI / CBI / BOB ? DCCBs (Thane & Satara) ? BOM-Secretary

### Subcommittees / Special Groups of SLBC (Proposed).

SN	Name of the Committee	Periodicity	To be Chaired by	Members
1	IT enabled services	Quarterly	CGM RBI RPCD RO Mumbai	? Secretary Planning GOM ? Secretary RDD ? CGM RBI ? CGM NABARD ? Representative from EGS, GOM ? GM, SBI ? GM, BOI ? GM, CBI ? GM, MSC Bank ? BOM – Secretary
2	Financial Literacy & Credit Counselling / Credit plus Services	Quarterly	RBI, MRO, Mumbai	? Secretary Planning GOM ? Secretary RDD ? CGM NABARD ? GM SBI ? GM BOI ? GM CBI ? BOM – Secretary
3	Subcommittee on	Half Yearly	Principal Secretary	? Secretary RDD ? Secretary on Dev.

	Development Plan		Planning	Corporations ? Commissioner Agriculture ? Commissioner Industry ? Commissioner Cooperation ? Secretary Social Justice ? CGM RBI, Mumbai ? RD, RBI, Nagpur ? CGM NABARD ? Chief Engineer MSEDCLtd. ? Irrigation Department ? BOI ? CBI ? SBI ? MSC Bank ? BOM – Secretary
4	Subcommittee Review of Agri. Lending	Quarterly	Commissioner of Agriculture, Pune	? RBI Mumbai / Nagpur ? NABARD ? MSC Bank ? SBI ? BOI ? CBI ? MSC Bank ? BOM – Secretary
5	Subcommittee MSE, Stimulus Package	Quarterly	Commissioner Industries	? RBI ? Industry Representative ? SBI ? BOI ? CBI ? BOM – Secretary
6	Subcommittee on Improvement of Land Records, Ownership	Half Yearly	Secretary Revenue	? RBI ? NABARD ? MSC Bank ? SBI ? BOI ? CBI ? SBH ? BOM – Member Secretary
7	Subcommittee on Recovery	Quarterly	Secretary Revenue	? RBI ? NABARD ? MSC Bank ? SBI ? BOI ? CBI ? SBH ? BOM – Member Secretary
8	Subcommittee on SHG Bank	Quarterly	NABARD	? MSC Bank ? RRBs (3)

	Linkage & Farmers' Clubs			? SBI ? BOI ? CBI ? MAVIM ? BAIF ? GMBVM as a Special Invitee ? BOM – Secretary
9	Subcommittee on evaluation	Half Yearly	RBI, MRO, Mumbai	? RD, RBI, Nagpur ? NABARD ? RDD, GOM ? Planning, GOM ? Union Bank of India ? Dena Bank ? Punjab National Bank ? Bank of Baroda ? BOM – Secretary

### Major Achievements of SLBC, Maharashtra

SLBC, Maharashtra took up various issues with the concerned department of State Government. In case of Women SHG Bank credit lineage Stamp Duty is exempted on loan documents irrespective of amount involved.

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### Bank Performance

#### State Level Banker's Committee of Maharashtra Convenor - Bank of Maharashtra

#### BIRD'S EYE VIEW

#### Performance of all Banks up to March 2009 under the Annual Credit Plan 2008-09

SchemeSector	Banks with Lead Bank Responsibilities				RRBs	Others	AGT
	BOM	CBI	SBI	BOI			
Nos. of Lead Districts	6	7	8	12	---	---	33

#### Performance of all Banks up to March 2008 under the Annual Credit Plan 2007-08

SchemeSector	Banks with Lead Bank Responsibilities				RRBs	Others	AGT
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ACP Achievement (%)	107	84	91	98	76	170	104
SGSY-SHG Achievement (Fin. %)	37.18	42.56	43.88	42.77	29.72	38.10	39.04
SGSY-Ind. Achievement (Fin. %)	38.95	22.76	32.25	36.75	42.73	30.40	33.97

## ANNUAL CREDIT PLAN

### Targets under Annual Credit Plan allocated by SLBC, Maharashtra for different Sectors

Amount in Crores

Sectors	2007-08	2008-09
Agriculture	14367.70	16703.25
RA, Ind. & SSI	2026.67	2269.26
Trade & Services	5891.00	7020.48
TPS	22085.37	25992.99
NPS	8643.15	8791.85
<b>GT</b>	<b>30728.52</b>	<b>34784.84</b>

(TPS-Total Priority Sectors, NPS-Non-priority Sectors)

## PERFORMANCE UNDER ANNUAL CREDIT PLAN

### Sector-Wise

(Amount in Crores)

Sector	2006-07		2007-08	
	Achievement	%	Achievement	%
Agriculture	9631.56	81.85	12112.99	84.31
RA, Ind. & SSI	1284.91	101.62	2772.91	136.82
Trade & Services	4193.19	105.41	5182.54	91.07
TPS	15109.66	88.83	20068.44	90.86
NPS	6829.17	148.87	12027.86	139.16
<b>GT</b>	<b>21849.59</b>	<b>102.63</b>	<b>32096.29</b>	<b>105.45</b>

## PERFORMANCE UNDER GOVT. SPONSORED SCHEMES

### (A) PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PEGP):

The Government of India has introduced a new programme "Prime Minister's Employment Generation Programme" (PMEGP) by merging two programmes- "Prime Minister Rojgar Yojna (PMRY)" and "Rural Employment Generation Programme (REGP)".

The Ministry of Micro, Small & Medium Enterprises (MOMSME) will administer the programmes under the Central Sector scheme. Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the MOMSME will implement the scheme as a single nodal agency at the National level. At the State Level, the implementing agencies will be the State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centers (DICs) and Banks, Subsidy under the scheme will be routed by KVIC through identified Banks for eventual distribution to the beneficiaries/entrepreneurs in their Bank accounts.

The performance under the scheme during the year is very dismal, since the scheme itself has been launched very late and is involving multiple agencies causing delays in coordination. Further, delay in setting up of Task Force has resulted in generation of inadequate number of applications for financing institutions.

### (B) SWARN JAYANTI GRAM SWAROJGAR YOJNA (SGSY):

For the effective alleviation of poverty through providing self employment to the poor of the country, the govt. decided to restructure the self employment programmes being implemented in the country. Consequently in the 1999, a new programme named **Swarn Jayanti Gram Swarajgar Yojna (SGSY)** was launched. This is such a comprehensive programme as includes all the aspects of self employment such as organizing the poor in form of Self Help Groups, training, loans, technology, basic infrastructure and marketing.

The prime objective of the scheme is to ensure uplifting of beneficiaries above the poverty line through persistent growth in their income for a longer period of time.

In Bihar, **SGSY** is the biggest poverty alleviation programme, and Banks in coordination with the Rural Development Department, Government of Maharashtra have been participating in the scheme in a big way.

### **PERFORMANCE OF BANKS UNDER SGSY SHGs**

Particulars	2007-08	
	NO	AMT
<b>Target</b>	9102	24983.61 lakh
Proposals Received	14167	
Proposal Sanctioned	10842	9753.63 lakh

### **GROUP FINANCING UNDER SGSY**

The Ministry of Finance, Government of India has introduced a mechanism to evaluate the development outcome of all the major programmes by way of converting financial outlays into measurable and monitorable outcome. In case of SGSY scheme, one item that is measurable and of immense significance is the total number of Swafojgari assisted (both the SHGs and the individuals).

In the 11th Meeting of the Central Level Committee (CLCC) under SGSY held at New Delhi, Dr. Raghubansh Prasad, Hon'ble Minister, Rural Development, Government of India emphasized the impotence of regular meetings of SGSY to review and monitor the programme. The Hon'ble Minister expressed the following in the meeting having immense bearing on implementation of the scheme in the Country:

- ? To think about **Antim Admi** who is illiterate and belongs to BPL Family.
- ? To bring all the BPL Families into the fold of economic activities by covering them under SGSY.
- ? To federate the SHGs to give them greater empowerment.
- ? Bank's roles are very important on account of their responsibilities for sanction, credit mobilization and disbursal under the scheme.
- ? Concerted efforts by all concerned for removing poverty by 2015.
- ? Banks to replicate RUDSETI experiments successfully carried out in Karnataka. Establishment of RUDSETIs in each district for training the poor in income generating activities.
- ? Adequate marketing support for rural product.
- ? Banks to initiate steps to increase their outreach by expansion of their number of branches especially in unbanked Blocks.
- ? Banks to formulate uniform rate of interest to be charged on loans under SGSY.

### **(C) SELF EMPLOYMENT SCHEME FOR THE REHABILITATION OF MANUAL SCAVENGERS**

The Government of India, Ministry of Social Justice and Empowerment, has decided to implement the captioned scheme as national priority. The objective of the scheme is to rehabilitate, in a time bound manner, all those remaining scavengers who are yet to be assisted.

The Ministry of Social Justice and Empowerment, Govt. of India and also the Finance Department (Banking Division), Govt. of India have issued directives to all CMDs of Banks and Reserve Bank of India for extending full cooperation in implementation of the scheme.

Under the scheme, the identified scavengers and their dependents are to be financially assisted through bank loans/subsidies.

In this connection, the State Level Bankers Committee, Maharashtra has already advised district-wise target to all Lead District Managers. In this connection, a list of applications under the scheme pending with different Bank-branches in the State, provided by the Welfare Dept. for the Scheduled Castes/Scheduled Tribes, Govt. of

Bihar has been conveyed to Banks and LDMs concerned by the SLBC for pursuing quick disposal thereof.

#### **(D) FINANCE TO SELF HELP GROUPS (SHGs)**

The access to timely and adequate credit and other financial services by the vulnerable and weaker sections of the society at the affordable cost is essential for the overall economic development of the society. With the objective in view, SHGs play a very crucial and effective role, and Banks spearhead their efficacies through credit linkages with them.

The analysis of SHG-Bank linkage indicates that the initiative met huge success. The main reasons attributable to the success are as under -

- ? Attitude of rural people - the strong inclination of the poor to form SHGs for collective welfare, besides their better education level.
- ? Availability of good quality Micro Finance Institutions - MFIs are engaged in numerous developmental works and are running on professional lines. Besides, there are many RRBs, small size MFIs-NGOs and mutual benefit trusts which are engaged in Micro Credit works.
- ? Conducive regulatory framework and Government support.
- ? Government run promotional programmes.
- ? Emphasis on channelising Government assistance through SHGs.
- ? Proactive role of corporate.

#### **(E) RURAL EMPLOYMENT GENERATION PROGRAMME**

With effect from 1st April, 2008, this programme has been withdrawn and a new programme called PMEGP amalgamating REGP with PMRY has since been introduced by the Govt. of India.

#### **FINANCIAL INCLUSION**

Financial Inclusion is delivery of banking services at an affordable cost to the vast section of disadvantaged and low-income groups. Unrestrained access to public goods is the essence of an open and efficient society. As Banking services are in a nature of public goods, it is essential that availability of Banking and payment services to the entire population without discrimination is the prime objective of the public policy, and financial inclusion is one of the endeavours to meet the objective.

In the selected districts, the Lead Bank Managers, having identified number of households in different villages and allocated the same village-wise to different Banks operating in the districts, have been pursuing completion of the financial inclusion.

#### **RECOVERY PERFORMANCE OF BANKS**

Rs. In Crore

BANKS	June 2005			June 2006			June 2007		
	Demand	Recovery	% Recovery	Demand	Recovery	% Recovery	Demand	Recovery	% Recovery
Comm. Banks	9661.79	5710.86	59	7865.91	5067.35	64	9101.34	5490.02	60
RRBs	2161.92	1469.79	68	614.41	418.04	68	5639.96	370.27	66
Co-op Bank	7056.71	3268.03	46	9505.64	5044.72	53	10236.96	5506.61	54

#### **PRIORITY SECTOR LENDING vis-à-vis NATIONAL BENCHMARK**

As on 31.03.2008, the national benchmark of 40% in respect of the share of priority sector advances in over all advances has been achieved by Banks in the State. The ratio of priority sector advances to total advances is as high as **44%**, which is above the stipulated benchmark of 40%.

Amount in Crores

2005-06				2006-07			
Total Advance	Total Sector Advance	Priority % to Total Advance	Priority Sector Advance	Total Advance	Total Priority Advance	Sector % to Total Advance	Priority Sector Advance
70834.64	24462.50	35		80062.51	35500.00	44	

### AGRICULTURAL CREDIT AS ON 31-03-2008

At the state level, the ratio of Agricultural Credit is at **13%** against the national benchmark of 18%.

Amount in Crores

2005-06				2006-07			
Total Advance	Total Agl Sector Advance	% Agl Sector Advance to Total Advance	Total Advance	Total Agl Sector Advance	% Agl Sector Advance to Total Advance	Total Advance	Total Agl Sector Advance
70834.64	9162.50	13	80062.51	10558.63	13		

### WEAKER SECTION

Against the benchmark of 10% under weaker sections, performance of all Banks as on 31.03.2008 is **5%**.

Amount in Crores

2005-06				2006-07			
Total Advance	Total Advance to Weaker Section	% Advance to Weaker Section	Total Advance	Total Advance to Weaker Section	% Advance to Weaker Section	Total Advance	Total Advance to Weaker Section
70834.64	2951.83	4	80062.51	4124.42	5		