



No. AX1 / SLBC – Special / Minutes / 2012

June 28, 2012

Minutes of the Special SLBC Meeting held on June 14, 2012 at Mumbai

A special SLBC meeting was convened on 14.06.2012 to ensure adequate flow of credit to agriculture, especially crop loans during current kharif season in Maharashtra State.

The meeting was presided over by Hon'ble Shri Prithviraj Chavan, Chief Minister, Maharashtra State. Shri Narendra Singh, Chairman, SLBC and Chairman & Managing Director, Bank of Maharashtra co-chaired the meeting. Shri Ajit Pawar, Dy Chief Minister, Shri Radhakrishna Vikhe Patil, Minister for Agriculture, Shri Harshvardhan Patil, Minister for Cooperation & Parliamentary Affairs, Shri Prakash Solanke, Minister of State for Cooperation, Shri Rajendra Mulak, Minister of State for Finance & Planning, Shri Jayant Kumar Banthia, Chief Secretary, Shri K.P. Bakshi, Principal Secretary (Planning), Dr. Sudhir Kumar Goel, Principal Secretary (Agri & Marketing), Shri Sudhir Shrivastava, Principal Secretary (Finance), Shri Rajgopal Deora, Secretary (Cooperation), Shri Madhukar Choudhari, Commissioner (Cooperation) and other senior officials of the State Government attended the meeting.

The Reserve Bank of India was represented by Shri J.B. Bhorla, Regional Director, Maharashtra & Goa, Smt. Phulan Kumar, Regional Director, Nagpur and Shri C.D. srinivasan, Chief General Manager, RPCD, Central Office, Mumbai.

Four banks were represented by their Chairmen & Managing Directors i.e. Shri M.D. Mallya, CMD, Bank of Baroda, Shri Alok Kumar Misra, CMD, Bank of India, Shri M.V. Tanksale, CMD, Central Bank of India and Shri D. Sarkar, CMD, Union Bank of India.

Three banks were represented by their Executive Directors i.e. Shri Ashok Dutt, ED, Dena Bank, Shri SKV Srinivasan, ED, IDBI Bank, Shri Paresh Sukthankar, ED, HDFC Bank. Shri C.VR. Rajendran, ED, Bank of Maharashtra was especially present for the meeting.

The meeting was attended by three Chief General Managers of NABARD viz Shri M.V. Ashok, Shri M.I. Ganagi and Shri K.V. Rao and other senior officials of State Government, Reserve Bank of India, various banks and all the Lead District Managers of various districts in the State.

Shri S.D. Arya, General Manager, Credit Priority, Bank of Maharashtra, and Convener, SLBC, Maharashtra, welcomed the participants and the important dignitaries.



Shri Narendra Singh, C & M D, Bank of Maharashtra & Chairman, SLBC – Maharashtra, in his welcome address, thanked the Hon'ble Chief Minister for agreeing to preside over this crucial special meeting of the SLBC. He emphasized that Scheduled Commercial Banks have been able to disburse more than 46% during 2011-12 as compared to previous year. All banks taken together in the State of Maharashtra have been able to achieve 90% of target for crop loans during 2011-12. He noted that in certain districts the District Central Cooperative Banks are having some liquidity problems; and on behalf of all member banks, he assured the Chief Minister that Banks would be doing their best to take up undisbursed portion and would try to increase their crop lending so that farmers are not put to any inconvenience. He informed that the Annual Credit Plan for the current year 2012-13 envisages credit flow of Rs. 62,042 crore to Priority Sector, which is more than 68 % of the actual achievement for 2011-12.

He also emphasized the need for immediate steps to be taken by banks in the 15 drought affected districts of the State. He appealed to the concerned authorities to resolve the issue of lending by SCBs through PACSs so that farmers get benefit of interest subvention. The Chairman, SLBC also sought integrated and coordinated efforts by banks, State Government and other stakeholders to effectively implement Government initiatives for green banking such as treasury automation, Electronic Benefit Transfer and Financial Inclusion.

In his keynote address, Shri Prithviraj Chavan, Hon'ble Chief Minister expressed happiness regarding participation of CMDs and EDs of major PSBs in the State and appreciated efforts undertaken by Scheduled Commercial Banks in the State. The increased credit flow by over Rs. 6000 crore by SCBs for crop loans during the year is a matter of great satisfaction for the farmers and Government of the State.

He informed that in 7 districts RBI has imposed restrictions on the District Central Co-operative Banks for accepting deposits. But actually it is creating problems for those DCCBs in fulfilling their crop lending targets for want of liquidity. He requested all the Commercial Banks to take up the additional share of undisbursed portion of these DCCBs so that farmers are not put to any inconvenience. The Hon'ble Chief Minister appealed to the Reserve Bank of India to resolve the issue of availability of interest subvention to farmers borrowing from PACSs financed by SCBs. The SCBs need to be encouraged to finance PACSs below base rate so that cost of funds is lower also for farmers borrowing from PACSs instead of directly from banks.

Hon'ble Chief Minister stressed the need to help farmers from seven districts where DCCBs are in trouble. He appealed to all banks functioning in their districts to cover all



the eligible farmers. He assured to all the Commercial Banks that the machinery available with the Cooperative Sector in all the districts would be made available to the Commercial Banks for preparing the proposals in the way SCBs want them.

Hon'ble Chief Minister, Maharashtra informed about progress of digitization of Land Records on the lines of Government of Karnataka.

He urged the commercial banks to sign a MoU with Warehousing Corporation in respect of finance to Rural Godowns.

Hon'ble Chief Minister, Maharashtra advised all commercial banks to do all out efforts this year for achievement of targets. As a fall back arrangement, The Maharashtra State Cooperative Bank may finance the PACSs for balance amount of cases where finance could not be provided by commercial banks. This may be done under conditional refinance from NABARD. NABARD is working on modalities of the same.

Shri Harshvardhan Patil, Minister for Cooperation and Parliamentary Affairs suggested to explore the possibility of using the 119 sugar factories in Maharashtra as Business Correspondents for sugarcane crop finance with assured recovery linked up. The sugar factories have computerized records and a pilot project may be decided.

Dr. Goel, Principal Secretary (Agriculture and Marketing) observed that investment credit to agriculture is not increasing the way it should. He appealed all the banks to focus on this sector also.

Regional Director of Reserve Bank of India, Mr. J. B. Bhoria informed that the issue of treatment to be given to loans to PACSs is taken up by Nair Committee on Priority Sector Advances and is under active consideration of RBI.

The meeting ended with the vote of thanks by Shri C. VR. Rajendran, Executive Director of Bank of Maharashtra. He assured the State Government authorities on behalf of all members that banks would do everything that is possible to mitigate the problems of farmers in the State during this kharif season. He mentioned that banks should look at this situation as a business opportunity and take as many farmers as possible into their fold.

Agenda Item-wise discussions and action points are given in the **Annexure – I**



Annexure – I

| Sr. No. | Agenda Item | Discussions Held | Action Point | Action by |
|---------|--|--|---|---|
| 1 | Agricultural Development in the State | For information of all member banks. | -- | -- |
| 2 | Finance for Agriculture in Maharashtra | <p>Minister for Cooperation and Parliamentary affairs observed that though overall achievement of all banks in crop loan disbursements is 90%, achievement of RRBs is 76%.</p> <p>Representatives of RRBs informed that though their achievement is 76% of the target, their growth is 57% over previous year. They also informed that their targets were steeply increased last year.</p> <p>Dr. Goel, Principal Secretary (Agri & Marketing) observed that investment credit to agriculture is declining which is a matter of concern.</p> | <p>All out efforts be made by RRBs so as to achieve the assigned targets this year.</p> <p>Banks should equally focus on investment credit in agriculture sector.</p> | <p>All RRBs</p> <p>All Banks</p> |
| 3 | State Annual Credit Plan 2012-13 – Reallocation of Targets and adoption thereof. | The overall targets in respect of crop loans have been finalized at Rs.24629 crore by DLCCs. There is an increase in share of SCBs from 50.78% to 54.59% because of additional burden resulting from reallocation of targets of some weak DCCBs to commercial banks. Bank wise allocation of targets be made by LDMs at the earliest. | Crop loan target of Rs. 24629 crore and Annual Credit Plan of Rs. 70831 crore for the year 2012-13 stand adopted. | <p>All Banks</p> <p>All Lead District Managers</p> <p>All Government agencies</p> |



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| 4 | Initiatives to be taken by Banks | <p>Hon'ble Chief Minister, Maharashtra suggested that Cooperation Department may take responsibility to deliver fully complete and fully processed applications with due certifications to commercial banks.</p> <p>Dr. Goel, Principal Secretary (Agri & Marketing) suggested that for each PACS, a branch of a commercial bank may be assigned. DCCBs may process all applications of their old borrowers with certification. LDM, DDR and Collector of each District may monitor all the process.</p> <p>Hon'ble Minister for Agriculture, Shri Radhakrishna Vikhe Patil and Secretary Cooperation Shri Rajgopal Deora concurred with a view that networks of DCCBs may be used by Banks for getting loan proposals prepared.</p> <p>Shri Madhukar Choudhari, Commissioner (Cooperation) informed that common crop loan applications have been distributed throughout the districts through DDRs, DDOs and the field functionaries have been advised to assist banks to prepare crop loan proposals in the seven districts where DCCBs are not in a position to do fresh lending.</p> <p>Shri M.V. Tanksale, CMD, Central Bank of</p> | <p>i. Banks should receive and process all such applications and dispose off the cases quickly.</p> <p>ii. In respect of districts with weak DCCBs, the staff of DCCBs / Cooperation department be assigned to prepare loan proposals complete in all respects for the concerned Scheduled Commercial Bank in the area which in turn will take care of providing finance.</p> <p>iii. As advised by Government of India vide letter no. F.No.3/27/2011-AC dtd. 30.05.2012, it has been decided to select two districts viz Satara (drought hit) and Bhandara (Non-drought) to ensure issuance of KCC as per new scheme by June 2012. It will be completed by September 2012 in other districts of the State.</p> | <p>a. All Banks</p> <p>b. Cooperation Department, Government of Maharashtra.</p> <p>c. Lead District Managers, Banks and Government departments in Satara & Bhandara districts.</p> |



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| | | <p>India brought it to the notice of the house that the field staff of concerned departments of Government are producing only list of farmers to be financed and not the complete proposals. Hon'ble Chief Minister directed to correct the situation.</p> <p>LDM, Osmanabad represented that there are 186 bank branches in his district of which 102 are DCCB branches which have only disbursed 27 crore so far. The remaining 84 commercial bank branches may not be able to bear the additional burden of reallocated targets and applications from remaining about 1.14 lakh farmers.</p> | | |
| 5 | Initiatives to be taken by Government | <p>Hon'ble Chief Minister directed that entire machinery of DCCBs / Cooperation department in the districts having weak DCCBs shall be engaged for preparing loan proposals complete in all respects.</p> <p>He advised that in other districts also Cooperation / Agriculture department staff should be engaged for similar work so that banks can cover large number of farmers.</p> <p>Finance department to study the financial implications of waiver of stamp duty on loans and put up a proposal.</p> | <p>Preparation of loan proposals</p> <p>Working of financial implications</p> | <p>DCCBs / Cooperation dept / Agriculture dept. in concerned districts with weak DCCBs</p> <p>Cooperation dept / Agriculture dept. in all other districts</p> <p>Finance Department, Government of Maharashtra</p> |



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| 6 | Refund of penal interest related to Maharashtra State Agri Debt Waiver and Debt Relief Scheme (MSADWDR) | <p>In respect of implementation of Maharashtra Agri Debt Waiver and Debt Relief Scheme, 2009, Government of Maharashtra has charged penal interest to banks. Member banks have repeatedly represented for refund of penal interest as there is no justification for levying it.</p> <p>Hon'ble Chief Minister, Maharashtra has approved the refund of entire penal interest under the scheme.</p> | Refund of entire penal interest charged to banks under MSADWDR. | Cooperation Department, Government of Maharashtra. |
| 7 | Recently revised scheme for KCC by Reserve Bank of India | <p>For information of all member banks.</p> <p>Hon'ble Chief Minister, Maharashtra suggested to include drip irrigation and sprinklers in the purview of the KCC scheme.</p> | To be implemented by all member banks. | <p>All Banks for implementation</p> <p>All LDMs to review and monitor.</p> |