



**Report of the
High Level Committee
to review
Lead Bank Scheme**



RESERVE BANK OF INDIA

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LETTER OF TRANSMITTAL



**Chairperson
High Level Committee to
Review the Lead Bank Scheme**

August 20, 2009

**Dr. D. Subbarao
Governor
Reserve Bank of India
Mumbai**

Dear Sir,

I have great pleasure in submitting the Report of the High Level Committee to Review the Lead Bank Scheme. The report, inter alia, recommends the need for enhancing the scope of the Scheme, measures to be taken for its strengthening and suggests a decentralized approach for facilitating financial inclusion.

On behalf of the Committee members, colleagues and on my own behalf, I convey our sincere thanks for the opportunity given to us.

With kind regards,

Yours sincerely,

(Usha Thorat)



**Report of the High Level Committee
to Review the Lead Bank Scheme**

**Usha Thorat
(Chairperson)**

**Manjula
Subramanian*
(Member)**

**R.J. Mohan Pillai
(Member)**

**Sudhakar Rao
(Member)**

**H.S. Das
(Member)**

**Dr. K.C. Chakrabarty
(Member)**

**M.V. Nair
(Member)**

**Anup Banerjee
(Member)**

**M. Balachandran
(Member)**

**B.P. Vijayendra
(Member)**

G.Srinivasan
(Member Secretary)**

* since retired

** since deceased

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List of Abbreviations

AAP	Annual Action Plan
ACP	Annual Credit Plan
ARDC	Agriculture Refinance and Development Corporation
BC	Business Correspondent
BIRD	Bankers' Institute for Rural Development
BLBC	Block Level Bankers' Committee
BO	Banking Ombudsman
BSR	Basic Statistical Return
CAB	College of Agricultural Banking
CAN	Central Nodal Agency
CDRS	Centralized Data Repository system
CEO	Chief Executive Officer
CFSP	Committee on Financial Sector Plan
CMD	Chairman & Managing Director
CRAFICARD	Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development
CSO	Central Statistical Organization
DC	District Collector
DCC	District Consultative Committee
DCCB	District Central Co-operative Bank
DCP	District Credit Plan
DDM	District Development Manager
DDP	District Development Plan
DG	Deputy Governor
DLRC	District Level Review Committee
DLRM	District Level Review Meeting
DM	District Magistrate
DPC	District Planning Committee
DRDA	District Rural Development Agency
ECS	Electronic Clearing Service
ED	Executive Director
FAQ	Frequently Asked Questions
FIF	Financial Inclusion Fund
FITF	Financial Inclusion Technology Fund
FLCC	Financial Literacy and Credit Counselling Centre
GCC	General Purpose Credit Card
GOI	Government of India
HLC	High Level Committee
IBA	Indian Banks' Association
ICT	Information & Communication Technology
IIBM	Indian Institute of Bank Management
IRDP	Integrated Rural Development Programme
IT	Information Technology

KYC	Know Your Customer
LBO	Lead Bank Officer
LBR	Lead Bank Return
LBS	Lead Bank Scheme
LDB	Land Development Bank
LDM	Lead District Manager
LDO	Lead District Officer
MFI	Micro Finance Institution
MLA	Member of Legislative Assembly
MP	Member of Parliament
MSEs	Micro and Small Enterprises
NABARD	National Bank for Agriculture and Rural Development
NCC	National Credit Council
NER	North Eastern Region
NGO	Non Governmental Organization
NIBM	National Institute of Bank Management
NIRD	National Institute of Rural Development
NOAPS	National Old Age Pension Scheme
NPA	Non-Performing Asset
NREGA	National Rural Employment Guarantee Act
PACS	Primary Agricultural Co-operative Society
PLDB	Primary Land Development Bank
PLP	Potential Linked Credit Plan
PMEGP	Prime Minister Employment Generation Programme
PMRY	Prime Minister Rozgar Yojana
POS	Point of Sale
PPP	Public Private Partnership
PRI	Panchayati Raj Institution
PSMIS	Priority Sector Monitoring and Information System
RBI	Reserve Bank of India
RPCD	Rural Planning and Credit Department
RRB	Regional Rural Bank
RSETI	Rural Self Employment Training Institute
RUDSETI	Rural Development and Self-Employment Training Institute
SAA	Service Area Approach
SAMIS	Service Area Monitoring and Information System
SAMRUDDHI	Service Area Monitoring and Reporting Using Developed Data Handling Implements
SC	Scheduled Caste
SDP	State Development Plan
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
SLBC	State Level Bankers' Committee
SLCC	State Level Co-ordination Committee

SLDB	State Land Development Bank
SMEs	Small and Medium Enterprises
ST	Scheduled Tribe
StCB	State Co-operative Bank
TOT	Training of Tutors
UTLBC	Union Territory Level Bankers' Committee
V-SAT	Very Small Aperture Terminal
ZP	Zilla Parishad

Executive Summary

Report of the High Level Committee to review the Lead Bank Scheme

Background

1. The Lead Bank Scheme (LBS) was introduced by Reserve Bank in 1969 when designated banks were made key instruments for local development and entrusted with the responsibility of identifying growth centres, assessing deposit potential and credit gaps and evolving a coordinated approach for credit deployment in each district, in concert with other banks and other agencies. The LBS underwent significant transformation in 1989 when the Service Area Approach was dovetailed into the scheme. Subsequently, as it was observed that the service area restrictions were a limiting factor for credit deployment, the restrictive provisions were removed in 2004, except for the Government Sponsored programmes. As at March 2009, there were 26 banks, mostly in the public sector, which have been assigned lead responsibility in 622 districts of the country.

2. Over the four decades since the introduction of the LBS, several changes have taken place in the country, especially after 1991 with the beginning of globalization and liberalization of the Indian economy. The reforms have encompassed all sectors including the financial sector. The commercial banks are much more focused today on their financials and have improved their competitiveness and efficiency. Their capital adequacy ratios and provisioning standards are as per the best international practices. Although priority sector obligations have continued to be in force for both private sector and public sector banks, attention has increasingly been drawn to the fact that large sections of the population remain outside the formal banking structure and the real and financial sectors continue to lag behind in certain regions. While policies are in place to facilitate flow of credit to the more vulnerable sectors/sections of society, there is a need to ensure greater dissemination and implementation of these policies at the grass root level, besides getting timely information and better assessment of outcomes.

3. A need was, therefore, felt for a comprehensive review of the Scheme. Accordingly, as announced in the Reserve Bank's mid-term review of Annual Policy for the year 2007-08, a Committee was constituted with Smt Usha Thorat, Deputy Governor, as Chairperson and Chief/Finance Secretaries of State Governments and CMDs/ senior functionaries of banks and others as members to review the LBS with focus on financial inclusion and the recent developments in the banking sector.

4. The Committee held wide ranging discussions with various stakeholders viz. State Governments, banks, development institutions, academicians, NGOs, MFIs, etc. and noted that the Scheme has been useful in achieving its original objectives of improvement in branch expansion, deposit mobilisation and lending to the priority sectors, especially in rural/semi urban areas. There was overwhelming consensus that the Scheme needs to continue. Clearly, the Lead Bank machinery is critical for ensuring that banks and the State Governments work together to achieve inclusive growth focusing on sustainable development.

Banking penetration

5. The Committee noted that despite the branch expansion over the past forty years, there were several pockets of the population and regions that were still un-banked and under-banked and do not have easy access to formal financial services. The recent efforts at financial inclusion have been notable with the increase in number of no frills accounts as also the use of IT solutions and business correspondent (BC) model. However, in many cases, the opening of such accounts has not been followed up with provision of essential financial services such as saving, loan, remittance and insurance products. For banks to make investments for providing such services, it is necessary to ensure that their operations are sustainable.

6. The Committee has recommended that a road map may be drawn to provide a banking outlet at every Gram Panchayat. In the first instance, the road map should ensure coverage of every village having population of more than 2000. Such a banking outlet need not necessarily be a brick and mortar branch, but banking services could be provided through various forms of branchless banking, including through BCs. A sub-committee of the DCC may be constituted in every district to draw-up the road map and allocate villages to banks and submit its plan by March

2010. The time frame to cover all villages having population of more than 2000 with a banking outlet should not be later than March 2011. A monitoring system may be instituted and the position reviewed by the DCC at each meeting.

KYC norms

7. Recognising that in many cases absence of an independent document of proof of identity and address could inhibit opening of a bank account, the Committee urges that RBI and GOI may operationalise the simplified norms for opening bank accounts for small value amount (viz. where balances do not exceed Rs.50,000/- and annual credits do not exceed Rs.2,00,000/-) on the basis of an affidavit and photograph, as indicated in the Mid-term review of RBI Annual Policy 2006-07. Till such time, banks may take advantage of the simplified norms for KYC for such accounts contained in the RBI circular of August 23, 2005 which allows for opening of such accounts by introduction of an existing customer on whom full KYC has been done. For urban areas, the municipalities may assist in providing a proof of identity and residence.

BC model

8. The BC model can provide a sustainable way of extending banking facilities where a branch may not be viable. It is noted that the RBI has already set up a Group for making the scheme more flexible. Although permitted, PACSs are not being used as BCs. Concerted efforts may be made for using PACSs as BCs where such PACSs are running well. RBI may consider allowing banks to use mature SHG group leaders as BCs with IT solutions in place to ensure requisite safeguards.

Use of IT

9. Whereas several IT based solutions are already being used by banks to open and operate "no frills" accounts through handheld devices, the Committee noted that this needs to be up-scaled significantly and recommends enhancing the use of IT solutions through stake holders providing appropriate support, including from the State Governments, RBI and Financial Inclusion Technology Fund.

Role of State Governments

10. Without the State Governments extending necessary support, it may be almost impossible for banks to achieve the objective of financial inclusion in its most comprehensive sense. The role of the State Governments ranges from ensuring conducive law and order situation, water supply and irrigation facilities, road and digital connectivity, developing proper land records, to assisting in the identification process, publicity drives, recovery, etc. In centres where bank branches are required as per public policy for general banking, currency, forex and government business, but banks are constrained to open the branches due to lack of infrastructure, absence of viability and security concerns, State Governments will need to extend support by providing premises, security, etc. Since State Governments are also keen to disburse NREGA and social security funds through bank accounts, banks should explore partnerships with them with support offered by RBI and leverage the same infrastructure for enhancing financial inclusion. State Governments should also be able to leverage on the benefits of undertaking government business accruing to banks to incentivize their involvement in Government sponsored schemes and programmes which may not always have business benefits.

State Level/District Level Development Plan

11. The Committee has recommended preparation of a one-time comprehensive State Level/ District Level Development Plan (SDP/DDP) for each State and district on the lines prepared for the North Eastern Region by the Committee on Financial Sector Plan for North Eastern Region. This plan should identify the 'enablers' and 'impeders' in banking development and lending to the priority sectors, besides delineating the role and responsibilities of banks, State Governments and other stakeholders for taking specific actions, to be monitored periodically at the SLBC and DCC. The State level plan may be prepared by a sub-committee headed by convenor of SLBC and include officials from the State Government, RBI and NABARD besides the major participating banks. At the district level, a sub-committee of the DCC with the LDM as convenor and members comprising the DDM of NABARD, district level government officials, bank functionaries and others may prepare such a plan. Regional offices of RBI may provide necessary guidance.

SLBC and DCC machinery

12. The Committee noted that while there are various fora to monitor the implementation of LBS, most of these bodies are being used for routine review of Government sponsored schemes, credit deposit ratio, recovery performance etc. and the ACPs, largely drawn up on the basis of past targets. The Committee observed that lending under such schemes constituted around 0.4 % of the total priority sector lending. More time of the SLBC /DCC machinery may, therefore, be utilised to discuss specific issues inhibiting and enabling financial inclusion as delineated in the State Level/District Level Development plan, rather than narrowly on the government sponsored schemes.

13. The Committee has recommended that Chief Secretary of the State concerned may co-chair the meetings of the SLBC, along with the CMD of the convenor bank. The Chief Minister/ Finance Minister may be invited to attend and chair the meetings periodically, say at least once a year, when there are major policy issues on the agenda. The Deputy Governor/Executive Director of Reserve Bank may participate in the SLBC meetings on a selective basis. The SLBC/DCC may identify and occasionally invite academicians and researchers to the meetings of these bodies, both for adding value to the discussions and also be associated with studies and product formulation for the State/ district.

14. In view of the large membership of the SLBC, it is desirable for the SLBC to constitute sub committees for specific tasks. These could include IT enabled financial inclusion, financial inclusion in urban areas, action plan for financial literacy, improvement in land records/ other evidence for land ownership/occupation, improving recovery systems, promoting bank/SHG linkage and addressing issues relating to provision of microfinance in the State, etc. These sub committees may examine in-depth the specific issues and come out with solutions/ recommendations for consideration of the SLBC. The composition of the sub-committee and subjects/ issues to be deliberated upon may vary from State to State and may be decided by the SLBC.

15. The secretariat/offices of SLBC should be sufficiently strengthened to enable the SLBC convenor bank to effectively discharge its functions. Each SLBC should have

its own website. In each State, a full day sensitisation workshop may be convened by the SLBC convenor bank in April/May every year. As implementation issues are common across States, best practices and experiences of SLBCs in different States may be shared with CAB, Pune acting as a central warehouse using its website and other means for such dissemination.

16. At the DCC level, sub committees as appropriate may be set up to work intensively on specific issues and submit reports to the DCC for its consideration. For example, there could be different sub-committees to deal with the role of SHGs/MFIs, IT based financial inclusion, MSE sector, land records, recovery machinery etc.

17. An annual conference of Chief Secretaries/Development Commissioners, CMDs of SLBC convenor banks may be convened by the Reserve Bank to discuss important policy issues in the area of financial inclusion and priority sector lending at the national level.

18. A small committee, comprising representatives of RBI, Central Office, IBA, Regional Director RBI and Chief General Manager, NABARD of the State concerned may review the performance of the SLBC Convenor banks and lead banks so as to bring about corrective action, including changing the convenorship of SLBC/DCC, if need be.

PLP and ACP

19. The Committee noted that the Potential Linked Plan (PLP) of NABARD is a very comprehensive and useful document for rural development and this needs to be strengthened. However, this plan merely identifies the potential and does not represent commitments. In order that the potential is realised, while preparing the PLP, the District Development Managers (DDMs) of NABARD, along with the Lead District Managers (LDMs) of the lead banks may discuss with the concerned development departments of the State Governments and the banks (having significant presence in the district), the potential vis-à-vis commitments made by banks and the projects proposed to be taken up in the ensuing year by the Government. This exercise may be done before the budget outlays for the year are

decided. NABARD may then prepare the PLP for the ensuing year taking into account the commitments of the State Government and banks. The District Credit Plan (DCP)/Annual Credit Plan (ACP) may be prepared by the LDM taking into account the PLP for agriculture and allied activities. For other sectors, LDMs may prepare the credit plan based on potential identified using the data from the census of small enterprises and BSR data, commitments by the State Government departments, other stake holders and banks. The DCPs/ACPs, among others, should clearly indicate the proposed coverage for SCs/STs, minorities and promotion of SHGs in the district. Particular care may be taken to ensure that there is little or no divergence between the PLP and the DCP/ ACP. The Zonal / controlling offices of banks, while finalising their business plans for the year, should take into account the commitments made in the ACP which should be ready well in time before the performance budgets are finalised. In preparing the District Development Plans by the district officials, the commitments made in the PLP/ACP, should appropriately be taken into account.

Lead District Manager's (LDM's) Office – Role and set-up

20. The Committee noted that over the years the LDM has got burdened with a wide range of responsibilities, entrusted to him by the controlling offices. The effectiveness of the entire Lead Bank Scheme depends on the dynamism of the District Collector and the LDM, with supportive role of the Regional/Zonal office. The new functions envisaged for the LDMs include drawing up the road map for banking penetration, preparation of one time comprehensive Development Plan for the district, associate with the setting up of Financial Literacy and Credit Counselling Centres (FLCCs), setting up of RSETIs, holding annual sensitisation workshops for banks and government officials with participation by NGOs/PRIs, arranging for quarterly awareness and feedback public meetings, etc. All these require considerable strengthening of the office of LDMs and posting persons of appropriate level and attitude. LDM's office being the focal point for successful implementation of the Lead Bank Scheme, due care should be taken in selecting the incumbent and providing appropriate infrastructural support. Besides, the posting should be made a coveted one.

Financial Literacy & Credit Counseling

21. Each lead bank is expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where it has lead responsibility by following the recent guidelines issued by RBI in this regard. Suitable grant may be considered out of the Financial Inclusion Fund (FIF) to set up such centres in districts identified as being financially excluded by the Committee on Financial Inclusion. Necessary action may be taken by NABARD for drawing up a scheme for this purpose.

22. The State Government machinery may support the efforts made by banks for financial literacy. Towards this, State Governments may proactively provide assistance of the government machinery, especially at the grass root level such as schools, panchayats, etc., for this purpose.

Capacity building/Training / Sensitisation programmes

23. District Collectors (DCs) and CEOs of ZPs/ and their equivalent rank officials are the most important functionaries for ensuring the success of the Lead Bank Scheme from the State Government side. The Committee observed that there is need for sensitising the DCs on the banks and banking in general apart from the specific scope and role of the Lead Bank Scheme. Such sensitisation should be part of the probationary training of such officers. Further, as soon as they are posted in a district, the SLBC may arrange for exposure visits for the DCs to the SLBC convenor's office for sensitisation and understanding of the Lead Bank Scheme. Similarly, soon after their posting, exposure visits to the State capital, development departments/ ZP and Collectorate may be arranged for LDMs for understanding the priorities of the State Government.

24. Staff at the operational level of banks and government agencies associated with implementation of the Lead Bank Scheme need to be aware of the latest developments and emerging opportunities. There is need for staff sensitisation/ training/seminars, etc. at periodic intervals on an ongoing basis. Training institutions of individual banks together with national level training colleges of RBI and NABARD as also NIBM, IIBM, NIRD etc. should develop suitable modules for this from the current year.

Quarterly public meetings and Grievance redressal

25. Every quarter, lead banks may organize an awareness and feedback public meeting at various locations in their lead districts. Wide publicity may be given to these meetings so that members of public, media representatives, local leaders as also NGOs/CSOs working in the district attend these meetings. Such meetings may be chaired by the District Collector or the CEO of Zilla Parishad or any other person considered suitable by the lead bank and should be attended by the Regional Managers/ Controlling Officers of the bank branches and the branch Managers.

26. The Reserve Bank LDO should attend these public meetings and give a feedback to the respective Regional Office of the Reserve Bank as also to the Banking Ombudsman in the State on the grievances raised during such meetings and the manner of their resolution. The LDM may invite the Banking Ombudsman (BO) for such meetings who may attend the same at his/her convenience.

Greater role for private sector banks

27. The Committee observed that priority sector lending targets including those for grant of weaker section loans apply equally to the private sector banks also and hence there is a significant role for these banks in the implementation of the LBS. The Committee, therefore, recommends that private sector banks should involve themselves more actively by bringing in their expertise in strategic planning and leveraging on Information Technology. The Lead banks, on their part, should also ensure that private sector banks are more closely involved in the LBS, both while drawing up and in implementing the ACP.

Initiatives for urban areas

28. In urban areas, the State Government machinery may assist in the opening of bank accounts where there are large settlements of households and obtaining proof of address and identity may be difficult. Banks having the largest presence in each city with more than one million population (to start with) may take the leadership in convening a meeting of bankers and allocating responsibility for various wards to different banks, to ensure that all urban households have easier access to bank

accounts and banking services. Regional Directors of RBI at different centres may facilitate the setting up of such a forum.

Revised SAMIS reporting system

29. The Committee recognizes that a comprehensive information system for proper monitoring of the implementation of the LBS as also for decision making is extremely necessary. Though, the system of collection of information from banks under the LBS has been introduced since 1980, the branches have either not been regular in submission of returns or submitting data which do not match with the banks' internal reporting systems. The Committee, therefore, suggests implementation of revised Priority Sector Monitoring and Information System (PSMIS) on a pilot basis in one/two States initially and thereafter extending to the rest of the country with effect from April 1, 2010. The Committee also suggests constituting a small Working Group by the Reserve Bank of India to formulate the modalities and work on implementation of the revised framework. Integration of the proposed PSMIS (revised SAMIS) reporting system with the banks' internal reporting system may be ensured to smoothen up the reporting process and avoid any inconsistencies in data. In order to enable the SLBC convenor banks to generate various reports, the Committee suggests devising suitable software by the Indian Banks' Association.

**REPORT OF THE
HIGH LEVEL COMMITTEE
TO
REVIEW THE LEAD BANK SCHEME**

Chapter I

Introduction

Lead Bank Scheme

1.1 The genesis of Lead Bank Scheme can be traced to the Study Group, headed by Prof. D. R. Gadgil (Gadgil Study Group) on the Organisational Framework for the Implementation of the Social Objectives, which submitted its report in October 1969. The Study Group drew attention to the fact that commercial banks did not have adequate presence in rural areas and also lacked the required rural orientation. As a result, the banking needs of the rural areas in general and the backward regions in particular, could not be adequately taken care of by the commercial banks and the credit needs of rural sector of the economy, particularly agriculture, small-scale industry and services sectors remained virtually neglected. The Study Group, therefore, recommended the adoption of an 'Area Approach' to evolve plans and programmes for the development of an adequate banking and credit structure in the rural areas.

1.2 A Committee of Bankers on Branch Expansion Programme of public sector banks appointed by Reserve Bank of India under the Chairmanship of Shri F. K. F. Nariman (Nariman Committee) endorsed the idea of area approach in its report (November 1969). It recommended that in order to enable the public sector banks to discharge their social responsibilities, each bank should concentrate on certain districts where it should act as a 'Lead Bank'.

1.3 Pursuant to the above recommendations, the Lead Bank Scheme was introduced by Reserve Bank in December, 1969. The Scheme emphasized making specific banks in each district the key instruments of local development by entrusting them with the responsibility of locating growth centres, assessing deposit potential, identifying credit gaps and evolving a co-ordinated approach to credit deployment in each district, in concert with other banks and credit agencies.

1.4 The Scheme, significantly, did not envisage a monopoly of banking business by the Lead Bank in the district. The Lead Bank is expected to assume leadership role and act as a consortium leader for co-ordinating the efforts of the credit institutions

and accordingly the various districts in the country were allocated among the public/select private sector banks, as the lead bank for the district. As at the end of March 2009, 26 banks (public and private sector) have been assigned lead responsibility in 622 districts of the country (**Annex I**). The scheme presently does not cover the metropolitan cities of Mumbai, Delhi, Kolkata, Chennai and certain Union Territories.

1.5 In 1989, the Service Area Approach (SAA) was adopted wherein villages were identified and assigned to bank branches based on their proximity and contiguity and by adopting a cluster approach. Credit plans were prepared on an annual basis for the service area of each branch which involved co-ordination between the various developmental agencies and credit institutions. Due to allotment of villages to designated bank branches, the activities of the 'service area branches' were restricted to the allotted villages and they were unable to provide financial assistance outside their service areas, despite being in a position to do so. Similarly, borrowers belonging to these villages were required to approach the 'designated bank branches' for their credit needs and were not in a position to avail of services of any other bank branches, irrespective of whether they were satisfied with the services provided by the designated bank branches or not. The Advisory Committee on Flow of Credit to Agriculture and Allied Activities (Chairman Prof. V.S.Vyas, June 2004) observed that the Service Area Approach, introduced for planned and orderly development of rural areas, had developed rigidities and acted as a bottleneck despite built in measures to provide flexibility. The Committee recommended that this feature of flexibility needed to be preserved and the service area concept made mandatory only for government sponsored schemes. Pursuant to the recommendations of the Committee, the restrictive provisions along with certain other aspects of service area were removed from December 2004, except for the government sponsored schemes.

1.6 Since the introduction of the Lead Bank Scheme in December 1969, several changes have taken place in the financial sector, especially after 1991. These include increasing liberalisation and globalisation of the Indian economy and the financial sector. The rates of growth witnessed have been unprecedented. At the same time, there are gaps in growth in agriculture and infrastructure. There has also been a greater level of devolution of expenditure to lower levels of Government. There are several regions of the country and sections of the society lagging in

development. Accordingly, there has been a conscious shift towards more inclusive growth and financial inclusion. In banking, the use of Information Technology (IT) and intermediaries has made it feasible to increase outreach, scale and depth of banking services at affordable cost.

1.7 However, during these years, the structure and monitoring mechanisms under the Lead Bank Scheme have remained more or less static. A need was therefore felt for a comprehensive review of the Scheme and its applicability in the changed scenario.

Setting up of the High Level Committee

1.8 Accordingly, pursuant to the announcement in the mid-term review of Annual Policy for the year 2007-08, a High Level Committee was constituted under the chairpersonship of Smt. Usha Thorat, Deputy Governor, Reserve Bank of India with the following Terms of Reference:

Terms of Reference

(I) To review the Lead Bank Scheme with focus on financial inclusion and recent developments in the banking sector, covering, inter-alia, the objectives and scope of the Scheme; structure and functions of various committees/fora under the Scheme, including the role and responsibilities of various functionaries such as Lead District Officers, Lead District Managers, District Development Managers etc.; need for decentralization of norms, systems and procedures to suit local needs and implementation of policy guidelines at local level; need to create/improve awareness of the common persons about banking facilities and schemes available for their benefit; and information system, reporting and monitoring mechanism under the Scheme.

(II) In the light of the review, to:

- prepare a comprehensive set of objectives and scope of the Lead Bank Scheme;
- make recommendations for rationalization of the various committees/fora and functionaries under the Scheme;

- recommend measures to improve the effectiveness of the Scheme, especially for encouraging greater decentralized approach, dissemination of policies/guidelines, implementation of policies at local level and creation of awareness of banks' products/policies;
- make recommendations relating to timely and consistent information and monitoring system, taking advantage of improved IT capabilities in the banking system; and
- prepare comprehensive guidelines and a manual of instructions based on the above.

1.9 The Committee comprised the following members:

- (i) Smt. Manjula Subramanian, IAS, Chief Secretary, Government of Gujarat,
- (ii) Shri R.J.M. Pillai, IAS, Development Commissioner, Government of Bihar,
- (iii) Shri Sudhakar Rao, IAS, Additional Chief Secretary & Development Commissioner, Government of Karnataka,
- (iv) Shri H. S. Das, IAS, Principal Secretary (Finance), Government of Assam,
- (v) Dr. K. C. Chakrabarty, CMD, Punjab National Bank,
- (vi) Shri M.V. Nair, CMD, Union Bank of India,
- (vii) Shri Anup Banerji, DMD, State Bank of India,
- (viii) Shri M. Balachandran, Director, Institute of Banking Personnel Selection,
- (ix) Shri B.P. Vijayendra, Regional Director for Rajasthan, Reserve Bank of India, and
- (x) Shri G. Srinivasan, Chief General Manager, Rural Planning and Credit Department, Reserve Bank of India, Central Office as Member Secretary.

Shri U.C. Sarangi, Chairman, NABARD, Shri R.M.Malla, Chairman, SIDBI and Shri Sandip Ghose, Principal, College of Agricultural Banking, Pune were permanent invitees for all the meetings of the Committee.

Approach of the Committee

1.10 The Committee held ten meetings in all at Mumbai, New Delhi, Kolkata, Chennai and Guwahati and had interactions with representatives of State Governments, commercial banks, regional rural banks, Regional Directors of Reserve Bank of India, Chief General Managers of NABARD Regional Offices, and also various other stakeholders including academicians, marketing experts, representatives of microfinance institutions (MFIs) and NGOs. Besides, the Chairperson held detailed discussions on various aspects of the scheme and its implementation with the senior officials of the State Governments/ academicians/ others at Ahmedabad, Lucknow, Dehradun and Bengaluru. Detailed responses were also elicited through a questionnaire circulated to the various State Governments, banks and Regional Offices of the Reserve Bank/ NABARD. Based on the meetings and the responses received to the questionnaire as also discussions among the members, the main findings and recommendations of the Committee are brought out in the succeeding chapters.

Structure of the Report

1.11 The report contains seven chapters. The introductory Chapter I provides a brief background as also the approach adopted by the Committee. Chapter II describes the origin, milestones and the various committees/fora under the Lead Bank Scheme, including the role and responsibilities of various functionaries such as Lead District Officers, Lead District Managers, District Development Managers etc. Chapter III deals with the objectives and scope of the Scheme. Chapter IV covers the recommendations for revitalising the various fora and strengthening the implementing mechanism, while Chapter V deals with the need for decentralization of norms, systems and procedures to suit local needs and implementation of policy guidelines at the local level and the need to create/improve awareness of the common persons about banking facilities and schemes available for their benefit. Chapter VI focuses on information system, reporting and monitoring mechanism under the Scheme. The various recommendations are enumerated in Chapter VII. A set of comprehensive guidelines and the manual of instructions would be issued separately.

Acknowledgements

1.12 The Committee wishes to place on record its sincere debt of gratitude to Dr. Y.V.Reddy, former Governor, Reserve Bank of India, for entrusting this task of great importance to it. The Committee benefited immensely by his vision, encouragement and guidance. It is also indebted to Dr. Rakesh Mohan, former Deputy Governor, for his insightful inputs and for enlarging the Committee's perspectives. Shri V.S.Das, Executive Director, made himself available whenever requested by the Committee and contributed significantly to the deliberations at the meetings held in Mumbai. He also provided his analytical perspectives in the preparation of the Report. The Committee sincerely thanks him for his valuable contribution.

1.13 The Committee specially acknowledges the involvement of Shri U.C.Sarangi, Shri R.M.Malla and Shri Sandip Ghose, Permanent Invitees, in enriching the quality of discussions at the meetings by their wide and varied experience in the field of rural development. Thanks are also due to them for making significant contributions in finalizing the Report.

1.14 The Committee received overwhelming response and feedback to its questionnaire as also the draft report from various agencies, institutions and individuals and would like to acknowledge its deep sense of appreciation of their painstaking efforts, which helped it considerably in firming up its views on a large number of issues.

1.15 The Committee also wishes to thank each of the participants at the meetings for their valuable inputs. A list of participants and special invitees to various meetings of the Committee is appended. The Committee expresses its gratitude to the Regional Directors of the Reserve Bank at Mumbai, Shri R. Narayana Rao, New Delhi, Shri R.Gandhi, Kolkata, Shri B.Mahapatra, Chennai, Shri Franklin Joseph, Ahmedabad, Shri B.Srinivas, Bengaluru, Ms. Devaki Muthukrishnan, Lucknow, Shri D.P.S.Rathore, Guwahati Ms. Sewali Choudhury and Officer-in-Charge, Dehradun, Shri Manoj Sharma as also the Director, Indian Institute of Bank Management, Guwahati, Shri P.K.Mishra, and their officials for arranging the meetings.

1.16 Shri G.Srinivasan, as Member Secretary, laid the foundation for the Committee's work and was closely associated with it till his sudden and untimely demise, when the drafting of the Report was in an advanced stage. The Committee

acknowledges his significant and silent efforts and expresses its deep sense of gratitude for his valuable contribution.

1.17 The Committee would like to make a special mention of the dedicated efforts put in by the Secretariat, ably guided by Ms. Rosemary Sebastian and Ms. Lily Vadera, General Managers and comprising Shri Navin Bhatia and Ms. Molina Chowdhury, Deputy General Managers, Shri S.S.Gaud, Shri R.Sudeep and Shri Sudhanshu Prasad, Assistant General Managers, Shri K.Rajendra Prasad, Manager, Shri D.G.Nalawade, Assistant Manager of the Reserve Bank of India, Rural Planning and Credit Department, Central Office, Mumbai as also Shri S.Shankar, Executive Assistant to Deputy Governor, Smt. Usha Thorat. But for their persistent efforts, this work could not have taken the present shape.

1.18 The Committee would also like to thank many others in Reserve Bank and other organizations, too numerous to be mentioned by name, who contributed in one way or the other to its smooth and successful working at various stages.

Chapter II

Lead Bank Scheme and Service Area Approach to Rural Lending

Origin of the Lead Bank Scheme

2.1 Following shortfalls in agricultural output and slowing down of industrial production in 1965-67, the Reserve Bank's credit policy for the slack season 1967 was liberalized on a selective basis with a view, among other purposes, to enlarging the flow of credit to the select sectors such as agriculture and small-scale industries, as also exports. The measures for social control over banks were initiated by the Government of India in 1967-68 for securing a better adaptation of the banking system to the needs of economic planning and also for playing a more active and positive role in aiding sectors like agriculture and small scale industries. The scheme of social control envisaged a purposive distribution of available lendable resources consistent with the basic economic and social objectives as well as a more effective

mobilization of savings, besides eradication of certain deficiencies observed in the functioning of the banking system. The origin of priority sector prescriptions for banks in India can also be traced to the Reserve Bank's credit policy for the slack season of the year 1967-68, wherein it was emphasized that commercial banks should increase their involvement in the financing of key sectors, such as, agriculture, exports and small-scale industries, as a matter of urgency. Further, the nationalization of major commercial banks in 1969 also envisaged that no viable productive endeavour should falter for lack of credit support, irrespective of the fact whether the borrower was big or small.

2.2 In pursuance of a decision of the National Credit Council, at its meeting held on July 24, 1968, a Study Group on the Organisational Framework for the Implementation of Social Objectives was constituted towards the end of October 1968, with Prof. D. R. Gadgil as Chairman. The Group was entrusted the task of identifying the major territorial and functional credit gaps and making recommendations to fill them up so that adequate institutional credit, at reasonable terms, could be made available to neglected sectors and areas and weaker sections of the community. The Group noted that the Indian banking system had made significant progress in the last 20 years by expanding its territorial and functional coverage and yet the unevenness of spread of institutional credit facilities to different areas of the country, the urban-oriented organisation of commercial banks, weaknesses of the co-operative system and the non-availability of institutional credit to the weaker sections of the community, still persisted. The Group observed that the main social objective of banking and credit was to more evenly spread institutional credit over unbanked and under-banked areas and to ensure that neglected sectors and the small borrowers, who had to depend on non-institutional credit, also got adequate credit at reasonable terms from banks.

2.3 The concept of 'Lead Bank Scheme' was first mooted by the Gadgil Study Group, which submitted its report in October 1969. The Group was of the view that banking was not developed in India judging by the criterion of population served per bank office. The average population served by a commercial bank office in India was as high as 73,000 as against 4,000 in United Kingdom and 7,000 in USA. In the rural areas, it was found that only one per cent of the total number of villages (5,64,000) were served by commercial banks as at the end of June 1967. Further, there was an uneven spread of bank offices and banking business as between States and

population groups. Thus, commercial banks did not have adequate presence in rural areas and also lacked the required rural orientation. Moreover, out of the institutional credit to agriculture sector at 39 per cent of total credit, the share of commercial banks was negligible at one per cent, with the balance being met by the co-operatives. As a result, the banking needs of the rural areas in general and the backward regions in particular, were not adequately taken care of by the commercial banks and particularly the credit needs of rural sector of the economy such as agriculture, small-scale industry and allied services remained virtually neglected. The Group, therefore, recommended the adoption of an 'Area Approach' to evolve plans and programmes for the development of an appropriate banking and credit structure in the rural areas. The Group also observed that the central idea was to assign, depending upon their area of operations and locations, to commercial banks, particular districts in an area where they should act as pace-setters providing integrated banking facilities and thus all the districts in the country needed to be covered. The district was identified as the unit under the Area Approach because the co-operative structure was organised in relation to a district and most statistical and other data were available at the district level.

2.4 The Reserve Bank appointed a Committee of Bankers on Branch Expansion Programme of public sector banks (Chairman: Shri F. K. F. Nariman), which submitted its report on November 15, 1969, endorsing the area approach. It further recommended that in order to enable the public sector banks to discharge their social responsibilities, each bank should concentrate on under banked districts where it should function as a 'Lead Bank', as well as open bank branches to fulfil the target of providing every place designated as a town with a bank branch by the end of 1970.

2.5 Thus, pursuant to the recommendations of the Gadgil Study Group and Nariman Committee suggesting adoption of 'area approach' in evolving credit plans and programmes for development of banking and the credit structure, the Lead Bank Scheme was introduced by the Reserve Bank in December, 1969. The scheme envisaged allotment of districts to banks to enable them to assume leadership in bringing about banking developments in the respective districts.

2.6 Development in the districts was sought to be achieved by making banks the key instruments for local deployment of credit, entrusting them with the responsibility

of locating growth centres, mobilising deposits, identifying credit gaps and evolving a coordinated programme for credit deployment in each district, in concert with other banks and credit agencies. In order to enable the banks to assume 'leadership' in an effective and systematic manner, the various districts, except the metropolitan cities of Mumbai, Delhi, Kolkata and Chennai and certain Union Territories in the country were allotted among the public/select private sector banks and each such bank was designated as the Lead Bank for the district concerned. The Lead Bank was also expected to work for expansion of branch banking facilities and assume a major role in the development of banking and credit in the allocated districts.

2.7 The specific functions of the Lead Bank in a district are as follows:

- (i) Surveying the resources and potential for banking development in its district;
- (ii) Surveying the number of industrial and commercial units and other establishments, and farms, which do not have banking accounts or depend mainly on money-lenders, and increasing their own resources through the creation of surpluses from additional production financed from the banking system;
- (iii) Examining the facilities for marketing of agricultural produce and industrial production, storage and warehousing space, and linking of credit with marketing in the district;
- (iv) Surveying the facilities for stocking of fertilisers and other agricultural inputs and repairing and servicing of equipments;
- (v) Recruiting and training staff, for offering advice to small borrowers and farmers, in the priority sectors, which may be covered by the proposed credit insurance schemes and for follow-up and inspection of end-use of loans;
- (vi) Assisting other primary lending agencies; and
- (vii) Maintaining contact and liaison with Government and quasi-Government agencies.

2.8 The Lead Bank Officer was given the responsibility to prepare the district credit plan/annual action plan (DCP/AAP) for the district after taking into account the annual estimated commitments of individual financial institutions. The plan document

indicated a sectoral, scheme-wise and institution group-wise break-up of the total credit outlays, as also the estimated expectation of Government departments by way of specific action on infrastructure development, supply of inputs, etc. The DCPs/AAPs were to be prepared in consonance with the objectives of the National Plan, viz. removal of unemployment and underemployment and bringing about an appreciable rise in the standard of living of the poorer sections of the population through provision of credit to meet their basic needs. Consequently, the main objectives of the banks' loans envisaged loans for labour-intensive schemes which generated employment, increased productivity of land and other allied sectors so as to reduce underemployment and increase income levels, besides granting loans to the weaker sections of the population for productive purposes as also meeting in part their consumption needs. The DCP/AAP was to be based on the existing pattern of economic activities and potential for development; ensuing five-year plan targets and annual budgetary provisions; performance of financing agencies under the previous plan and their potential in respect of availability of funds as well as man power, in addition to likely demand for credit in respect of specific projects, different sectors and blocks in the district. The allocations of the credit plan amongst the commercial banks, co-operative institutions and other financial agencies operating in the district were to be done at a special meeting of the District Consultative Committee (DCC).

2.9 In pursuance of the recommendations of the Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) (Chairman: Shri B. Sivaraman), the Reserve Bank, in November 1981, had set up a Working Group under the chairmanship of Shri U. K. Sarma to Review the Working of the Lead Bank Scheme in all its aspects. The recommendations of the Group, with some modifications, were implemented. The major recommendations pertained to:

- a) Reconstitution of the DCCs and Standing Committees to make them effective fora;
- b) Constitution of District Level Review Committees in place of District Level Review Meetings (DLRMs);
- c) Status, designation and role of the Lead Bank Officer;
- d) Periodicity of DCC, DLRC meetings and their conduct;
- e) Effective management information systems under Lead Bank Scheme;

- f) Training needs on Lead Bank Scheme for all officials up to the block level in government and officers of rural branches of financing agencies;
- g) Strengthening infrastructure of Lead Bank Offices, i.e. provision of jeep, telephone connectivity, etc.

Service Area Approach to Rural Lending

2.10 By late eighties, studies undertaken by RBI to assess the impact of bank credit in increasing production, productivity and income levels of the rural population revealed certain weaknesses in the system of dispensation of rural credit, viz. the rural lending of bank branches was haphazard and dispersed in a large number of villages spread over a wide area rendering supervision difficult. Absence of effective local level planning taking into account the potential for development, poor availability of infrastructure and linkages etc. were identified as the contributory factors. It was, therefore, felt necessary to adopt an approach of assigning specific service areas to the bank branches in rural and semi-urban areas, paving the way for 'Service Area Approach' to rural lending.

2.11 Service Area Approach (SAA) basically aimed at planned and orderly development of an identified command area which would enable the branch to have development orientation and concentrate on productive lending, thereby contributing to the development of specific areas assigned to it. The Union Finance Minister in his budget speech for the year 1988-89 had also referred to the proposed dispensation under which each bank branch would have a designated service area. In order to examine the operational aspects involved in the implementation of this approach, a Committee (Chairman: Dr. P. D. Ojha) was set up by the Reserve Bank. On the basis of the recommendation of the Committee, a decentralized planning policy was adopted and Service Area Approach to Rural Lending was introduced with effect from April 1, 1989, involving five distinct stages in its implementation:

- (i) Identification of the service area for each bank branch;
- (ii) Survey of the villages in the service area for assessing the potential for lending for different activities and identification of beneficiaries for assistance;
- (iii) Preparation of credit plans on an annual basis for the service area by each branch;
- (iv) Co-ordination between credit institutions on the one hand and field level development agencies on the other on an on-going basis for the effective implementation of credit plans; and

- (v) A continuous system of monitoring the progress in the implementation of the plans and individual schemes.

2.12 The above approach to rural lending was intended to bring about a major change in the quality and productivity of rural lending and forge effective linkages between bank credit, production, productivity and increase in income levels. The basic principle of SAA was demarcation of service area and preparation of credit plans for systematic administration of credit in the assigned area. Under the SAA, all rural and semi-urban branches of commercial banks and regional rural banks were allocated specific number of villages (about 15 to 25 villages), generally in geographically contiguous areas and proximity to the branch concerned, the credit needs of which were to be taken care of by the respective service area branches. It was also to be ensured that the designated area of a bank branch was not intercepted by the designated area of another bank branch. The service areas were allocated to the branches by a Committee headed by the Lead District Officer of the Reserve Bank of India with Lead Bank Officer of the district and a representative of NABARD as members.

Preparation of Credit Plans

2.13 The prescribed time schedule for the different stages in preparation/implementation of the district credit plan is as follows:

- (i) Supply of "Background Paper" by the lead banks/District Development Manager of NABARD to the branches – October, 31
- (ii) Preparation of Service Area Credit Plans by co-operative bank branches (SLDBs/PLDBs/DCCBs) – November, 30
- (iii) Preparation of Service Area Credit Plans by the branches of commercial banks and RRBs – December, 31
- (iv) Finalisation and approval of Service Area Credit Plans by controlling offices – January, 31
- (v) Finalisation of Service Area Credit Plans at BLBC and aggregation into Block Credit Plans – February, 28/29
- (vi) Aggregation of Block Credit Plans into District Credit Plan – March, 15
- (vii) Launching of the District Credit Plan – April, 1

The commercial banks/RRBs/DCCBs/LDBs were required to prepare village-wise credit plans based on the village profiles and the background paper. The Village

Credit Plans, once finalised were to be aggregated at branch level as Service Area Credit Plans. The credit requirements for both the priority and non-priority sectors were required to be indicated therein.

2.14 The proforma of the Annual Credit Plans drawn up for the district under the Service Area Approach comprised five chapters, viz.

- (a) Profile of blocks in the district – Chapter I;
- (b) Review of performance – Chapter II;
- (c) Development programmes of the district – Chapter III;
- (d) Arrangements for supporting facilities/services and Agencies/Departments responsible therefor – Chapter IV; and
- (e) Bank-wise credit plan for the priority sector lending – Chapter V.

However, in case of Block Credit Plans, such detailed chapter-wise classification was not required to be done. The Block Plans consisted of merely the background paper supplied by the Lead Bank and the service credit plans.

2.15 On allotment of villages to branches, they were required to carry out a survey of the villages and prepare a village profile indicating the types of economic activities undertaken and potentialities for expansion of these activities or for undertaking new activities, the skills of the rural families to take up different activities, the coverage of rural families by credit institutions operating in the area, besides the level of infrastructure facilities and linkages available in the area and those required to be developed to support bank credit. The Service Area Plans drawn up by all branches in the block were to reflect the potentialities and the needs of the service area on the basis of the intimate knowledge gained by the Branch Managers through the survey and the availability of other information. In order to enable branches to prepare the credit plan in a systematic manner, the lead bank was required to prepare a “Background Paper for Branch Credit Plan” on a block-wise basis and make it available to the branches. The service area plans drawn by each branch in rural and semi-urban areas, as finalised at the Block Level Bankers’ Committee, were to be aggregated to form the Block Credit Plan for the block and the block plans thus prepared were in turn to be aggregated into the annual credit plans for the district by the concerned lead banks. Thus, the district credit plan was expected to represent the aggregation of two major components, viz. (a) the service area credit plans of the individual branches and (b) the lending programmes for priority sector in the semi-urban/urban centres by the branches located in these centres.

2.16 The performance under Branch Credit Plans were to be monitored at three levels, viz. (a) by the branches themselves for each of the villages in their service area, in relation to the village credit plans, (b) by the controlling offices of the respective banks and (c) by the Block Level Bankers' Committees. While the performance in respect of both priority and non-priority sectors was to be monitored by the branches and their controlling offices, the monitoring at the BLBC was with reference to priority sector lending.

2.17 With a view to improving the quality of credit planning process under the SAA on a realistic basis and strengthening the credit delivery system, NABARD was entrusted the responsibility of being the sole agency to plan, co-ordinate and monitor the credit programmes of banks and co-operatives at the district level. Accordingly, RBI advised NABARD in October 1989 to set up offices at the district level in all the districts. The role and functions of such NABARD offices were as enumerated below:

- (i) The district office of NABARD was to be the principal agency at the district level for co-ordinating the agricultural and rural development activities of various credit agencies such as commercial banks including RRBs, district central co-operative banks and land development banks, and liaising with concerned development departments of the Government. The lead bank officer was to work in close co-ordination with the NABARD district office.
- (ii) NABARD district office was to prepare, for each district, a potential linked credit plan (PLP) taking into account the agro-economic and other characteristics, infrastructure facilities including forward and backward linkages, extension, training and education as well as district development plan programmes. Such PLPs were also to contain block-wise details, to help in identifying various types of activities and the extent to which they could be taken up by the credit agencies.
- (iii) NABARD district office was to provide necessary guidance and support to the DCCBs and LDBs in preparing their credit plans for each service area.
- (iv) With a view to improving the flow of necessary inputs, supply of requisite linkages and removal of bottlenecks, NABARD district office was requested to interact with the district level development officers on a continuing basis.

- (v) NABARD district office was to monitor the progress of implementation of service area plans. For this purpose, the Lead Bank Officer was to ensure that the information relating to the credit plans of each service area, agency-wise was obtained and furnished to it at prescribed intervals. On the basis of such data, the NABARD district office was to evaluate the performance of each service area credit plan, agency-wise and provide feedback to the concerned branches offices and their immediate controlling offices.
- (vi) NABARD district offices were also to prepare a comprehensive review of the performance of each credit agency in the district on a quarterly basis and furnish the information to the Regional Offices of NABARD and RBI (RPCD), which in turn, were to transmit the same to their respective Head Office/Central Office.
- (vii) NABARD, as the main co-ordinating agency for all credit institutions at the district level was required to attend all DCC and BLBC meetings.

2.18 Consequent upon implementation of the Service Area Approach, the role of lead banks was reviewed and specified as follows:

- (a) The Lead Bank was to collect the various returns from the bank branches;
- (b) Prepare the credit plans for the block/district;
- (c) Provide appropriate feed-back to the block/district level fora on the performance of banks under the credit plans;
- (d) Co-ordinate the activities of banks and government departments;
- (e) Obtain active support and guidance from the District Development Managers of NABARD; and
- (f) Ensure conduct of regular meetings of DCC, Standing Committees of DCC and DLRC.

It was expected that the lead bank of the district, the DDM of NABARD and the Lead District Officer of Reserve Bank would work in close co-ordination and consultation with each other.

2.19 Due to allotment of villages to designated bank branches as their 'service area', the activities of service area branch were restricted to the villages allotted to them and they were not permitted to provide finance outside their service areas. Similarly, the borrowers' belonging to these villages were required to approach the 'designated bank branches' for their credit needs and were not in a position to avail

banking services from other bank branches, irrespective of their satisfaction or otherwise with the services rendered by the designated bank branches. On the basis of the recommendations of the Advisory Committee on Flow of Credit to Agriculture Sector and Other Activities from the Banking System (Chairman: Prof. V. S. Vyas), it was decided to dispense with the restrictive provisions of the scheme, while retaining the positive features of the SAA such as credit planning and monitoring of the credit purveyance. Accordingly, the allocation of villages among the rural and semi-urban branches of banks for lending, except under Government sponsored schemes, were dispensed with, from December 2004. Thus, while the commercial banks and RRBs were free to lend in any rural and semi-urban areas, the borrowers were given the choice of approaching any branch for their credit requirements. Resultantly, the requirement of obtaining 'no due certificate' from the service area branch for lending by non-Service Area branch was also dispensed with. However, banks at their discretion were expected to take steps considered necessary to avoid multiple financing. These relaxations were introduced with a view to facilitating rural borrowers to have easy access to institutional credit from any bank of their choice at a competitive price and to provide banks, public and private, with a level playing field.

2.20 Consequent upon dispensing with the restrictive provisions of the SAA, the Annual Credit Plan for each district began to be prepared based on Potential Linked Plans (PLPs) drawn up by NABARD. The particulars of the potential available in different sectors (as indicated in the PLPs) were to be communicated by the convenor of Block Level Bankers' Committees (BLBCs) to all the branches in the block. The branches, in turn, were to prepare branch credit plan based on such communication, and these branch credit plans aggregated by the BLBC convenor bank into block credit plan. The block credit plans were, in turn, to be aggregated into district credit plan, which were to be eventually aggregated into the State Level Credit Plan.

Structure and Functions of various fora/committees under LBS

2.21 Various fora have been created at the block level, district level and the State level, under the Lead Bank Scheme for co-ordination of activities of commercial banks and other financing agencies on the one hand and Government departments on the other. These fora are also helpful for discussing problems in implementing the

credit plans and finding out solutions for them, as also monitoring the progress in implementation of the credit plans. A brief description of the various fora and their evolution is given below.

State Level

2.22 At State level, the SLBC, SLCC and Steering Sub-Committees were recommended to be formed under the Lead Bank Scheme. A brief description of each of these is as under:

State Level Bankers' Committee (SLBC)

2.23 This is one of the most important fora under the Lead Bank Scheme and has proved highly effective in quickly implementing policy decisions especially under emergent situations like natural calamities. The State Level Bankers' Committees (SLBCs) have been constituted, following instructions from Government of India in April 1977, as an inter-institutional forum for co-ordination and joint implementation of development programmes by all financial institutions operating in a State. It comprises the representatives of commercial banks (including RRBs), State Co-operative Banks (StCB), Land Development Banks (LDB), NABARD, RBI, etc. Representatives of various organizations from different sectors of the economy like retail traders, exporters, agricultural graduates (who wish to start agri-clinics/ agri-business), farmers' unions and some other organizations, who wish to protect the interest of their members, may also be invited as special invitees in SLBC meetings for discussing their specific problems. The meetings are chaired by the Chairman/Executive Director of the convenor bank. The forum reviews the banking developments in the State with special reference to Annual Credit Plans, Government sponsored programmes, flow of credit to priority sector, branch expansion, Credit Deposit ratio, etc. The SLBCs are also 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 differences of views and approaches remaining unresolved at the District Consultative Committees (DCCs). The meetings of the SLBC are to be held on a quarterly basis.

2.24 While the SLBCs are expected to address the problems, particularly relating to the State concerned, some of the common problem areas are also to figure as briefly enumerated below :

- (i) Regional imbalances in availability of banking facilities
- (ii) Regional imbalances in deployment of credit
- (iii) Liaison with State Government
- (iv) Review of functioning of DCC
- (v) Review of implementation of District Credit Plans
- (vi) Uniformity in terms and conditions of lending
- (vii) Review of credit flow to small borrowers in the neglected sectors, pending loan applications and assistance under various Govt. sponsored programmes
- (viii) Review of Credit Deposit Ratio, and
- (ix) Any other State specific issues, with the permission of the chair

2.25 The areas of concern regarding SLBCs, which need to be addressed, include the following:

- (i) On account of the large number of banks and special invitees etc., the number of participants has increased considerably and the size of SLBC has become unwieldy.
- (ii) Some of the new private sector banks are reluctant to participate in SLBC meetings as they have very few branches in rural/semi urban areas and also do not want to accept targets under Annual Credit Plan/Govt. sponsored programmes etc.
- (iii) Many times, the senior level officials from banks/Government departments do not participate and the important decisions are postponed for want of appropriate level of participation.
- (iv) A long list of agenda items, which leaves little time for discussing the significant issues.

2.26 However, the SLBC is a forum which provides a platform to all the participants / members to voice their grievances and to arrive at a systematic redressal to the operational problems. Now, with increasing level of computerization, it has become possible for the SLBC convenor banks to make available useful information to member banks/public in general through websites. Recently, a few SLBCs have launched their own websites where a lot of useful information has been hosted. The SLBC convenor banks have been advised to explore the possibility of putting greater

information thereon. In view of these developments, there is a need to make this State level forum compact and more effective.

Steering Sub-Committee of SLBC

2.27 These are functional sub-committees of SLBC to look into specific areas like agriculture, micro, small/medium industries/enterprises, handloom finance, etc. and evolve a course of action for adoption by the full committee and consist of representatives from few major commercial banks/RRBs, RBI, NABARD, StCB, SLDB etc. The steering sub-committee is expected to meet more frequently than the SLBC.

State Level Co-ordination Committee (SLCC)

2.28 The SLCCs which started functioning from mid-seventies were intended to serve as the main forum for co-ordination between the State Government and financial institutions and for the review of the performance of banks particularly in assisting credit based development programmes taken up by the State Government. Meetings of the SLCC are convened by the Chief Secretary, Director of Institutional Finance, Registrar of Co-operative Societies, etc. They are generally presided over by the Chief Minister/Finance Minister of the State. The members of SLCC consist of representatives from banks, RBI, NABARD, StCBs, SLDBs and the concerned development departments of the Government. The functions of the SLCC are to make in-depth review of banks' performance in the implementation of various credit based development programmes of Government, matters relating to infrastructure and extension facilities, recovery performance including legislative and administrative support from Government, problems of banking development in the State, etc. The periodicity of the SLCC is yearly, though, the Standing Committee of SLCC is expected to meet at quarterly intervals.

It has however, been observed that SLCCs are defunct since long in several States and no meetings are being conducted.

District Level

2.29 At the district level, District Consultative Committees (DCCs), District Level Review Committees (DLRCs) and Standing Committees of DCCs have been constituted as detailed below:

District Consultative Committee (DCC)

2.30 The District Consultative Committees (DCCs), constituted in the early seventies, marked a significant step towards co-ordination of activities of all commercial banks and other financing agencies on the one hand and Government departments on the other. This is conceived to be a common forum for bankers as well as government agencies/departments to come to a common platform to find solutions to the problems arising hindering the smooth functioning of the various developmental activities under the Scheme at the district level. All the commercial banks, co-operative banks including DCCB and SLDB, RRBs, NABARD, etc. and various State Government departments and allied agencies constitute the members of the DCC. The Lead District Manager (LDM) of the lead bank is the convenor of DCC. The Lead District Officer (LDO) of Reserve Bank is also a member of the DCC. The District Collector functions as the Chairman of this committee. Its membership is generally restricted to 20-25 for effective and meaningful discussions in the meeting.

2.31 A small functional sub-committee of the DCC is constituted in the districts for monthly monitoring of the government sponsored schemes. Various important matters concerning DCC which required urgent attention are to be discussed in this forum.

District Level Review Committee (DLRC)

2.32 Apart from convening DCC meetings, one meeting of DCC every year was held as a District Level Review Meeting (DLRM) with a view to evaluating the progress made in the implementation of schemes included in DCP/ACP, identifying problem areas and devising suitable remedial steps. The Working Group to Review the Working of the Lead Bank Scheme, observed that the DLRMs had not only served as useful forum for bringing together various organisations participating in the lead bank scheme and non-official agencies connected with rural development but also evolved, in a way, into forums for a general review of performance under DCP/AAP so as to ensure regular participation of all concerned agencies including non-officials

in the developmental programmes under implementation in the district. The Group recommended that the frequency of these meetings may be increased and be held on a half-yearly basis instead of yearly basis, as also designate this forum as District Level Review Committee (DLRC) to reflect the nature of its functioning.

2.33 Accordingly, DLRM was renamed as DLRC and has been constituted as a separate forum. The follow up of DLRC's decisions is required to be discussed in the DCC meetings. The association of non-officials with DLRC is considered to be useful in getting feedback of well informed public response to the various programmes, the pace and quality of their implementation by both financial institutions and government agencies. All local MPs and MLAs are also to be invited to the DLRC meetings conducted by lead banks with effect from April 1989. It has also been decided to include the representatives of State Minority Commission, SC/ST Corporation etc. for participation in the deliberations. The representatives of the groups of beneficiaries of rural lending have also been included as member of the DLRC.

2.34 During discussions in question hour in the Lok Sabha on August 11, 2000, the Members of Parliament stated that these committees had more or less become defunct because their meetings were not being convened regularly. As these meetings were considered very important, the Hon'ble Finance Minister assured the House that DLRC would be activated so that these meetings were held once in every quarter and that MPs/MLAs and Zilla Parishad Chiefs invited to participate in these meetings. Consequently, the meetings were sought to be convened on quarterly basis and the Lead Banks have been advised to invariably invite MPs/MLAs and Zilla Parishad Chiefs to participate in these meetings. The banks have also been advised to invariably invite MPs and other public representatives to preside over the functions conducted by them in the districts, such as opening of new branches, distribution of Kisan Credit Cards, etc.

Standing Committee (SC) of the DCC

2.35 The Reserve Bank had issued guidelines to banks for formulation of District Credit Plans for 1980-82, on a uniform pattern, which envisaged constitution of a district level task force under the chairmanship of District Collector, comprising representatives from DCCBs, commercial banks having large number of branches in

the district and the district planning officials, to assist the credit planning team/Lead Bank Officer. Subsequently, this Task force was converted into a 'Standing Committee' of District Consultative Committee (DCC) so that the same body which was associated with the formulation of the credit plan could also continuously monitor the progress in its implementation. The membership of the Standing Committee has been enlarged to include the representatives from RBI, Agriculture Refinance and Development Corporation (ARDC) (now NABARD), DRDA, co-operative department, LDB, etc. RBI has not stipulated any guidelines on the composition of the Standing Committee except that it should be a compact forum which could meet as frequently as might be necessary. The periodicity of the Standing Committee meetings has also been left to the exigencies of work but it has been recommended that the meetings should be held at least twice in a quarter. With the extension of the IRDP to all the blocks in the country, review of implementation of the Programme had to be undertaken at frequent intervals and accordingly, RBI issued instructions in August 1983 for convening the meetings of the Standing Committees once in a month. The functions of the Standing Committee, inter alia, covered the following:

- (i) Regular monitoring of Government Sponsored Schemes, and
- (ii) Any other important matter concerning DCC requiring urgent attention.

Block Level

Block Level Bankers' Committee (BLBC)

2.36 On implementation of Service Area Approach to Rural Lending, Block Level Bankers' Committees have been constituted in each block, with the Lead Bank Officer as the Chairman. This forum aims at achieving coordination between credit institutions on one hand and field level development agencies on the other and helps in the effective implementation of credit plans at the block level. All the banks operating in the block including the district central co-operative banks and RRB, Block Development Officer, and other technical officers in the block, such as extension officers for agriculture, industries and co-operatives are members of the Committee. The Lead District Officer of RBI and the officer concerned from NABARD selectively attend the meetings of the BLBCs. The representatives of Panchayat Samitis are also invited to attend the meetings at half yearly intervals so

as to share their knowledge and experience on rural development in the credit planning exercise. The main functions of the Committee are as follows:

- (i) To discuss the action plans of different bank branches and their aggregation into Block Credit Plan;
- (ii) To resolve operational problems in implementation of the credit programmes of banks, particularly in regard to ensuring availability of inputs and linkages;
- (iii) To review the progress in implementation of Government-sponsored schemes;
- (iv) To review the implementation of the Block Credit Plan and the provision of other inputs required so that bank credit becomes more productive;
- (v) Allocation of service area of a new branch to be opened in the block as and when licence for a new branches are issued by the Reserve Bank of India; and
- (vi) Hold meetings at least once in a quarter.

Role of the Lead District Manager

2.37 The Lead District Manager who is appointed by the Lead Bank in the District, plays a key role in ensuring the success of the Lead Bank Scheme. The functions of the LDM include the following:

- (i) Identification of potential for formulation of bankable schemes for inclusion in the Annual Credit Plan (ACP);
- (ii) Finalisation of District Credit Plan/Annual Credit Plan;
- (iii) Allocation of shares of DCP/ACP outlays;
- (iv) Monitoring overall progress in physical and financial terms in the implementation of ACP & Government Sponsored Programmes etc.;
- (v) Reviewing/monitoring of the support forthcoming from the Government departments;
- (vi) Reviewing the progress in disposal of loan applications and ensuring that applications are sent in a phased manner and not in bunches in the last quarter of the financial year;
- (vii) Identifying problems/bottlenecks in the flow of credit as also of infrastructure inputs etc. and taking steps to overcome them;
- (viii) Overseeing and ensuring smooth release of subsidies;

- (ix) Monitoring the recovery position of financial agencies and rendering necessary help for recovery of overdues;
- (x) Taking up with State Government/SLBC/SLCC, items/issues which could not be tackled at the district level and ensuring proper follow-up thereof, including security arrangements, lack of infrastructural support, etc.;
- (xi) Identification of unbanked centres for opening of branches and reviewing the progress in the opening of branches; and
- (xii) Evaluation of the ground level implementation of various schemes and benefits accruing there under to the identified beneficiaries.

Role of Lead District Officer (LDO)

2.38 The Lead District Officer of the RBI would

- (i) Act as a catalytic agent for developmental activities in the district.
- (ii) Clarify position with respect to various policy guidelines issued by RBI, conduct periodic branch visits and participate in various meetings connected with LBS.
- (iii) Bring to the notice of the regulator policy issues at the field level that require examination at the apex level which may have wider ramifications.
- (iv) Associate with the planning process at the district level.
- (v) Facilitate financial inclusion and financial literacy activities in the district.

Role of District Development Manager (DDM)

2.39 The following are the broad areas to be looked after by the DDM of NABARD.

- (i) Overall monitoring of the developmental plans in the district, particularly the implementation of the ACP.
- (ii) Close involvement in the planning process at the district level.
- (iii) Participation in various meetings associated with the LBS.
- (iv) Facilitating financial inclusion and literacy activities in coordination with the concerned agencies.

Chapter III

Objectives and scope of the Lead Bank Scheme

Objective

3.1 The Lead Bank Scheme (LBS) has largely achieved its original objective of bringing about overall improvements in branch expansion, mobilisation of deposits and lending to the priority sectors, especially in rural/semi urban areas. The population per branch in the country has declined from 63 thousand to 16 thousand and in the rural and semi urban areas from 82 thousand to 17 thousand during the period June 1969 to March 2007. Credit to agriculture, SSI and other priority sectors has increased from 14 per cent to 37 per cent of bank credit and represents an annual growth of 21 per cent. Rural and semi urban credit growth clocked an annual growth rate of 19 per cent per annum between 1993 and 2007. The number of savings bank accounts per 100 adult population increased from 7.1 in 1971 to 48.9 in 2007 and the number of loan accounts from 1.3 to 12.4.

The LBS has been able to mould itself to meet the emerging needs as perceived by the concerned State Governments and banks in each State. Being the only forum where the top officials of banks and government meet at the State/district level to discuss issues of mutual interest, the utility of SLBC/DCC as a forum of communication and coordination has been its biggest achievement. Based on the response to a questionnaire circulated by the Committee and discussions held with State Governments, banks, academics, NGOs and other stake holders, **the Committee concluded that the Scheme is useful and needs to continue.**

3.2 In the initial years of the LBS, branch expansion in unbanked/ underbanked areas and credit planning was pursued vigorously but over the years there was a significant slowdown in the process with the result that the total number of rural and semi urban branches in the country has remained almost stagnant since 2001.

Branch expansion particulars of scheduled commercial banks:

Year	No. of rural branches	No. of semi urban	Total
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		branches	
1969 (June)	1833	3342	5175
1991 (March)	35206	11344	46550
2001 (March)	32562	14597	47159
2005 (March)	32082	15403	47485
2007 (March)	30551	16361	46912
2008(March)	30732	17212	47944

(Source BSR: RBI)

3.3 The Committee also noted that the recent data available from various sources showed that large sections of rural population and urban poor still do not have access to banking facilities. Out of nearly six lakh inhabited villages in the country, 2.30 lakh villages have a population of over 1000 and 1.09 lakh villages, over 2000. There are around 47,000 branches of scheduled commercial banks at rural and semi-urban centres. Penetration of banking in several parts of the country is still limited. This has also inhibited the development of payment system in such parts. Central and State Governments are also desirous of making payments only through bank accounts and post offices to ensure better governance and transparency. The underlying thrust of the RBI policy on use of Business Correspondents, mobile payments, POS outlets is to allow "cash in cash out" transactions only at banking outlets. Hence, it is critical that banking services is seen as a public good and is accessible to all sections of population and regions of the country at affordable cost. At the same time, the Committee would like to emphasize the role of the State Government in facilitating such financial inclusion. At a deeper level, mere access to banking outlet cannot lead to inclusive growth. The State development machinery has to ensure the availability of backward and forward linkages to ensure that credit is gainfully deployed and income levels enhanced.

3.4 The Committee is of the view that the original objective of the Scheme of achieving greater banking and credit penetration by the formal financial institutions is still valid and should be reiterated. The overarching objective of LBS shall be to enable banks and State Governments work together to achieve inclusive growth.

3.5 The Committee also noted the changes in the external environment that warrant changes in strategies and approaches under the LBS. With the onset of financial

sector reform in the 1990s, concerns about controlling NPAs and ensuring business growth and profitability have become key drivers of the initiatives of the banking system. Public sector banks have to compete with private sector banks to attract capital funds for their growth. This makes them sensitive to the impact of various policies on their profits. The share of private sector banks is also growing in the system and there is a need for them to be more involved in the Lead Bank Scheme. Further, urban areas are growing and the extent of financial exclusion in these areas is significant. There is therefore a need to address the issues of banking for inclusive growth in urban areas as well. ICT has brought about a revolution in all aspects of financial services and use of ICT solutions and mobile banking for furthering the objectives of the LBS will need to be explored sufficiently. The SHG bank linkage scheme and the MFIs have demonstrated their unique ability to deal with the last mile issue and their coverage of low income families through micro finance has been notable. Bank lending through SHGs and MFIs as also using the business facilitator /business correspondent model are developments that need to be brought within the purview of the LBS. Initiatives for financial inclusion, financial literacy and credit counseling, credit information, provision of 'credit plus' services, skill development, establishing linkages to markets, building reliable land records, and building infrastructure for greater physical and digital connectivity are matters that are of critical importance in this context.

3.6 From the side of the Government, the National Rural Employment Guarantee Act (NREGA) scheme and other social security schemes are making available funds to the poor households. Further, under the 73rd amendment to the Constitution of India, greater decentralisation of expenditure to lower levels of governments is envisaged. This will result in large funds flow to Panchayati Raj Institutions, which need to put suitable mechanisms in place to manage these funds, increase credit absorption capacity, etc., besides developing appropriate skills for project and scheme formulation.

Scope

3.7 In the light of the above, **the Committee recommends that the scope of the Scheme may be broadened to specifically cover financial inclusion, role of State Governments, financial literacy and credit counselling, 'credit plus'**

activities, formulation of time bound monitorable action plans to facilitate 'enablers' and remove /minimise 'impeders' for banking development for inclusive growth and debt settlement and grievance redressal mechanisms.

3.8 At present, the various fora under the LBS are generally being used for review of State sponsored credit linked subsidy schemes, trends in credit deposit ratio, recovery performance and other related matters. Over time, the Annual Credit Plans have been based on targets which are derived from extrapolating past achievements and are invariably fixed at modest levels considered acceptable/achievable. In the backdrop of the Lead Bank Scheme primarily being used for review of performance under government sponsored schemes, the Committee observed that the share of Government sponsored schemes in total priority sector lending was around 4%, in terms of number of accounts and 0.4% in terms of amount outstanding. In terms of credit to weaker sections, the shares were about 8% and 3% respectively. (**Annex II** indicates the state wise position). Thus, disproportionate time of DCC/SLBC is spent on discussing government sponsored schemes. As lending to priority sectors and weaker sections is significant in securing inclusive growth, **the Committee recommends that the SLBC and the various fora under LBS should focus on addressing the 'enablers' and 'impeders' in achieving greater financial inclusion and flow of credit to the priority sectors and weaker sections, while continuing to use the fora for monitoring implementation of subsidy linked government sponsored schemes.**

Financial Inclusion

3.9 Many States have already included achieving 100 per cent financial inclusion as an express objective within the framework of the LBS and DCC. As at the end of December 2008, out of 342 districts identified for 100% Financial Inclusion, 158 districts have reported having achieved 100 per cent financial inclusion i.e. all households desirous of opening a bank account have been able to do so. However, the external evaluation studies conducted by RBI have revealed that in many cases, these accounts, after having been opened, have not been operated upon, mainly because of the distance to the branch where such account is opened. The distance

factor has also inhibited the use of bank accounts for distribution of Government payments such as under the NREGA.

3.10 Considering the overarching need to provide a banking outlet at locations closer to the rural population, the Committee recommends that in every district, a Sub-Committee of the DCC may draw up a road map to provide banking services through a banking outlet at every village with population of over 2000 at least once a week on a regular basis. Such a banking outlet need not necessarily be a brick and mortar branch but could be through various forms viz. mobile banking, extension counters, satellite offices as also business correspondents (BCs). By March 2010, the Sub-Committee should come out with a time frame within which this can be achieved and the time frame to cover all villages having population of more than 2000 with a banking outlet should not be later than March 2011. In States where the existing penetration is good, the targets could be brought forward appropriately.

3.11 Once such a road map is prepared and is implemented, it should be the endeavour to ensure that 100% financial inclusion is achieved by encouraging the opening of a bank account by all households in the villages with population of over 2000 and nearby villages. The mere provision of no frills account is not sufficient and should be backed by GCC/simple overdrafts. Savings, loan, remittance and insurance products backed by financial education should be a part of achieving deeper financial inclusion. For banks to make investments for providing such services, it is necessary to ensure that their operations are sustainable.

3.12 A monitoring system may be instituted by the DCC to periodically assess the position regarding achieving the roadmap and report the same in each meeting of the DCC.

IT based Financial Inclusion

3.13 Various options for IT based financial inclusion are now available in the country. These include biometric smart cards, devices with the business correspondent where the account holder's finger print details are stored and banking services are rendered on basis of identification at the specific device or using mobile phones for

access to banking services. Hence, in achieving banking penetration, **banks need to take the maximum advantage of available IT solutions. Since State Governments are also keen to disburse NREGA and social security funds through bank accounts, partnerships can be explored between banks and State Governments and leverage the same infrastructure for achieving financial inclusion. The funding arrangements available under Financial Inclusion Technology Fund (with NABARD) or other options such as the support offered for distribution of Government payments by RBI may be explored for this purpose.** RBI has formulated a scheme wherein it would partially reimburse the banks, the cost of opening accounts with bio-metric access at the rate of Rs.50 per account through which payment of social security benefits, NREGA payments and payments under other government benefit programmes would be routed. The incentive package would be dependent on the State Governments willing to pay to the transacting banks, a mutually agreed transaction fee. The reimbursement by RBI would be available for an agreed period. Since the State Governments would in any event have to incur cost for distribution of such payments, they should be willing to reimburse the costs incurred by banks in undertaking the transactions.

Business Correspondent Model

3.14 The BC model has the promise to provide the mechanism to achieve the objective of providing banking facility to every village of population in excess of 2000. Currently, there are some constraints in its operation. The Committee notes that in the Annual Policy Review of 2009-10, Reserve Bank has announced that it will constitute a group to review the eligibility of persons who can act as BCs. While welcoming this, the Committee would highlight the need to take into account the experience of a few large BCs, the need to facilitate recycling of cash, apart from the regulatory and consumer protection perspectives.

3.15 The Self Help Groups (SHGs) which have been successfully linked to the banks and which have matured have proven their ability to manage accounts and handle money. The local flavour of the SHGs and their intimate knowledge of the

areas in which they operate as also their association with banks make them a good choice to act as business correspondents. **RBI may consider allowing banks to use mature SHG group leaders as BCs with IT solutions in place to ensure requisite safeguards.**

3.16 Similarly, although permitted, PACS are not being used as BCs, concerted efforts may be made for using PACS as BCs where such PACS are functioning reasonably well.

Upscaling of SHG bank linkage model

3.17 NABARD may make a detailed review of the SHG-bank linkage programme and come up with revised guidelines to facilitate migration of members of mature groups to become micro entrepreneurs and increase the scale of lending through such groups. The group members should be able to access larger loans from banks in their individual capacity while retaining the group solidarity and membership.

Role of State Governments

3.18 Without the active support of State Governments, it may be almost impossible for the banking system alone to achieve the objective of banking development for financial inclusion. State Governments' support is necessary for the following:

(i) Provision of infrastructure

3.19 If the objective of effectively achieving banking penetration in all parts of the country is to be achieved, it is necessary that the State Governments ensure road and digital connectivity to all centres where penetration by the formal banking system is required. The achievement of such connectivity may be monitored by the sub-committee of the DCC referred in para 3.10. Full advantage may be taken of the special scheme offered by Reserve Bank to provide satellite connectivity through small V-SATs in remote areas. RBI has decided that, to begin with, the scheme would be implemented in the North Eastern States. It has also been decided that banks in the North Eastern States availing of this facility with 100% reimbursement for lease rental, shall be required to offer electronic funds transfer facility free of charge to their customers.

3.20 Other infrastructure support includes ensuring conducive law and order situation, providing adequate security, uninterrupted power and water supply and irrigation. In centres where bank branches are required as per public policy for currency, forex and government business, but banks are constrained to open the branches due to lack of infrastructure, absence of viability and security concerns, State Governments will need to extend support by providing premises, security etc.

(ii) Role in Government sponsored schemes

3.21 Except programmes where the loan is linked to some preliminary training, there is a disconnect between training programmes and loan eligibility /availability. In the implementation of subsidy linked credit schemes, State Governments may consider the following issues:

- Most of the programmes have an annual timeframe and the current year's (uncovered) trainees do not get any preference for loans in the following year.
- Listing out negative activities for loan purposes is very important. e.g., the loans given under PMRY (now PMEGP) have disproportionately high percentage of loans for small businesses (mainly kirana shops) with no regard to viability (one village may be sanctioned loan for 3-4 kirana shops), while small manufacturing units hardly come up.
- Centralized information on defaulters and recovery status needs to be prepared.
- Sponsoring departments need to ensure adequate due diligence in selection of beneficiaries instead of simply forwarding all the applications to the banks.
- Need to bring in participation by private sector banks in various government sponsored schemes.

(iii) Publicity and promotional efforts

3.22 The State Government machinery may support the efforts made by banks for financial literacy. Towards this, State Government may proactively provide the assistance of the machinery especially at the grass root level such as schools,

panchayats, etc., for dissemination of the information relating to the products and services of the banks.

(iv) Disbursal of government benefits through bank accounts

3.23 Disbursal of government benefits through bank accounts will facilitate active operation of such accounts apart from ensuring that full benefits reach the beneficiaries. In order to reduce use of cash/cheques, State Governments may take initiative to make their bulk payments like salaries, pensions only through mechanisms like ECS as they are cost effective and operationally efficient. In addition, as indicated above, the use of IT solutions for disbursal of NREGA and social security payments such as National Old Age Pension Scheme through bank accounts may be expedited taking advantage of the scheme introduced by RBI for funding a part of the cost of opening such bank accounts. Thus, State Governments should be able to leverage on the benefits of undertaking government business accruing to banks to incentivize their involvement in Government sponsored schemes and programmes which may not always have business benefits.

(v) Credit culture

3.24 If banks have to play their due role in ensuring inclusive growth, Governments will have to ensure that a conducive credit culture is maintained and nurtured. For this, it is critical that rather than focussing just on the quantitative aspects of achieving targets for lending to specified sectors or under various schemes, due emphasis should be given to qualitative aspects of lending. This is possible only where sufficient efforts are made to ensure forward and backward linkages for activities funded under the schemes. There should also be sufficient emphasis in the public policy on regular repayment of bank loans. Support to banks for recovery drives may be extended by the State Government and the recovery teams may include Government officials. Cases of wilful defaults/ absconding/ misutilisation of loan/subsidy amount in respect of Government Sponsored Schemes, etc. may be treated as an economic offence and dealt with accordingly. Schemes for dealing with distress in case of natural calamities and other events are already in existence and can be supported with Government assistance in extreme cases.

Financial literacy and Credit Counselling

3.25 Each SLBC Office may have a dedicated financial literacy division to promote financial literacy in the State. Lead banks are expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where they have lead responsibility. These issues are covered in detail in Chapter V.

'Credit plus' activities

3.26 The DLCCs/SLBCs may monitor initiatives for providing 'credit plus' services by banks and State Government. These initiatives are aimed at capacity/skill building of prospective small entrepreneurs/borrowers and enhancing the farmers' capability of absorbing new technology and practices. 'Credit plus' activities such as those providing skills and capacity building to manage businesses and linking to markets are required to be taken up on a much larger scale. The Planning Commission has now approved the proposal of setting up of RSETIs (RUDSETIs) in all districts of the country and a sum of Rs. 100 crore has initially been ear-marked for the purpose. As per the roll out plan, the aim is to establish one RSETI in each district in the country by 2011-12, out of which approximately, 100 would be established in 2008-09 itself. The Ministry of Rural Development has appointed NIRD as 'Nodal Agency' for implementing the scheme. The lead banks would need to take expeditious steps to set up RSETIs as per the plan projections.

As recommended by the Working Group on Rehabilitation of Sick SMEs (Chairman: Dr. K.C.Chakrabarty, April 2008), a scheme for utilising specified NGOs for providing the following services to tiny micro enterprises may be launched by the Government:

- a. Training in basic accounting principles and credit management
- b. Training on marketing, technology, design development, packaging, quality control etc
- c. Creation and development of institutions of borrowers like cooperatives etc
- d. Participation in exhibitions and marketing fairs
- e. Development of common facilities for a group
- f. Providing financial assistance for infrastructure creation

Since the guidelines relating to setting up of RSETIs have already been issued, the Committee recommends that the above services could be provided by RSETIs.

Formulation of Comprehensive Development Plan at the State / District Level

3.27 The Committee recommends formulation of a onetime comprehensive State Level /District Level Development Plan for all States / districts on the lines recommended for the North Eastern Region by the Committee on Financial Sector Plan for North Eastern Region (NER) (Chairperson: Smt. Usha Thorat: July 2006). The primary objective of the plan would be to identify 'enablers' and 'impeders' for banking development and evolve appropriate strategies to facilitate banking development for inclusive growth. Since every State/ District would have issues specific to their area, the Development Plan would have to be customized to the needs of the State / District concerned. The Plan would take into account all factors that impede the flow of credit such as digital connectivity, land tenure system, branch expansion, SHG –bank linkage etc. These plans would also list action required to be taken and committed by the stake holders. The plan at State and district levels will indicate roles and responsibilities of banks, State Government and other stakeholders to ensure banking development for inclusive growth.

3.28 At the State level, the Development Plan may be prepared by a Sub-Committee headed by the convenor of SLBC and include officials from the State Government, RBI and NABARD, besides the major participating banks. In order to have a comprehensive assessment of the potential of the State, the Sub-Committee may take inputs from industry associations, universities, technology providers etc. A similar exercise may be carried out at the District level, where a Sub-Committee of the DCC, headed by the LDM and having district level government officials, DDM, NABARD and representatives of major participating banks as members, may prepare such a plan with inputs from the Lead District Officer of Reserve Bank of India.

3.29 The Development Plan for a particular State / district may, inter alia, cover the following:

Financial Inclusion: The plan should include a definite road map for providing requisite infrastructure and weekly banking outlet at every village having population of over 2000 not later than March 2011, through satellite banking, mobile banking, BC model or any other channel permitted by RBI. As the various evaluation studies have shown, the extent and quality of financial inclusion depends not only upon

accessibility to banking outlets, but also on ensuring provision of simple savings, loans, remittance and insurance products. The various IT based solutions may be adopted to bring down costs and improve coverage. A sub-committee of SLBC may be set up for adoption of IT solutions for disbursement of government benefits including NREGA payments in each State.

Outlets for general banking, currency chests, forex and government business:

The plan should identify centres requiring general banking, currency chests, branches handling forex business and government business where such centres are considered essential as per public policy but are not considered commercially viable by banks, and the Government is prepared to extend support for opening of the branches. The names of such centres may be forwarded to Reserve Bank's Regional Offices concerned to explore how such branches can be opened.

Extending outreach of SHGs and MFIs: NABARD may assess the potential for facilitating formation of SHGs in districts identified as significantly excluded and recommend a plan for formation of SHGs with linkage to the nearest branch. Similar assessment could be undertaken by NABARD and SIDBI for mapping the MFIs operating in the area that could be considered by banks for financial support. The details could be circulated by NABARD to the bank branches operating in the district.

Devise products appropriate to local ethos: The plan may take into account specific financial products suited to local conditions and customs, devised by sub-group of SLBC/DCC which could be offered by all banks at as many outlets as possible.

Affordable insurance along with no frills accounts and OD/GCC: The plan may specifically incorporate affordable life, health, livestock and asset insurance as part of menu of products offered by way of 100% financial inclusion. However, there should be no compulsion on the customer in this regard. Representatives of insurance companies could be specifically invited by the Sub-Committee to explain the products and furnish necessary details.

Annual sensitisation workshops: The district level development plans may include an annual programme for conduct of sensitisation workshops for bank, government

and NGO functionaries in each district for furthering the objectives of the Lead Bank Scheme. LDMs may take the initiative for conducting such workshops.

Publicity and awareness: The publicity and awareness endeavours may include a well chalked out programme with definite timeframe for carrying out such comprehensive campaigns on the objectives of the development plan, the facilities available to the bank customers under financial inclusion initiatives and the feedback and redressal mechanism.

Financial literacy and counselling centres: A road map for setting up and monitoring financial counselling centres for each district should form a part of the plan.

Infrastructure development: To improve the credit deposit ratio, the State Governments may take initiative to identify major infrastructure projects particularly in the area of toll roads, toll bridges, power plants, industrial parks, water supply schemes etc. The Development Plan may focus on critical infrastructure gaps that have affected credit deployment and consequently, the production. The banks could come forward to lend for such projects. Many such projects may not be commercially viable. The problem could possibly be addressed by availing of the benefits under the GOI's scheme for financing infrastructure projects through special purpose vehicles set up under public-private partnership (PPP).

Identification of potential areas:

NABARD & SIDBI may explore the potential for agriculture and non-agriculture activities. Accordingly, SIDBI may prepare typical bankable projects in a variety of industries in the MSE sector and disseminate this information as these could be used by potential entrepreneurs. SIDBI / NABARD and banks may arrange for training of entrepreneurs, establish marketing linkages for marketing of produce. Rural Industries Programme may be organized in one or two districts having concentration of non-farm activities for skill upgradation in the respective field of trade and development of entrepreneurship and training of existing entrepreneurs.

Micro and small enterprises: The plan should contain a separate chapter on the key actions to be taken by different players for facilitating credit to the MSE sector.

SIDBI can provide methodology for preparation of such a plan. The recommendations made by the National Commission for Enterprises in the Unorganised Sector (Chairman: Dr. Arjun Sengupta, November 2007) and the Working Group on Rehabilitation of sick SMEs (Chairman: Dr.K.C.Chakrabarty) may be utilised in preparing the plan for MSE units in each district.

Strengthening of RRBs: The RRBs should have absolute flexibility to design their products to suit the local requirements.

Improving recovery climate: State Governments may have to issue directives to the district authorities and actively associate with the recovery drives/camps conducted for recovery of bank's dues in respect of NPAs.

Performance monitoring: The SLBC may evolve a suitable matrix as part of the Development Plan for monitoring the performance of the various stakeholders, including the actions entrusted to each of them. It may also consider asking external evaluation agencies to carry out specific surveys by adopting standard methodology for ascertaining and giving feedback on the situation at the ground level. Conduct of regular social audits may also be considered in this regard. The parameters could include the commitments made in the plan by banks, government and other stakeholders such as RBI, NABARD, State Government and others. The matrix devised in the NER report could be taken as an illustration/model. **(Annex - III)**

Monitoring and evaluation

3.30 The state/district level development plan shall be monitored at quarterly intervals in the SLBC/DCC meetings by a sub-committee of SLBC at the state level and through a core committee convened by the Lead District Manager with the Chief Executive Officer of the Zilla Parishad as chairman at district level.

Preparation of Annual Credit Plan (ACP)

3.31 The planning process presently in vogue envisages preparation of PLPs by NABARD for all the districts of the country. These plans are to be prepared by October- November every year and provide inputs both to the district planning authorities for preparing their budgetary plans and to the lead banks for preparing the District Credit Plans (DCP), respectively. The Committee suggests that

preparation of PLP may be advanced to be completed by August every year so that the State Governments may factor in the projections made in the PLP.

3.32 There is unanimity that the PLP is a very comprehensive and useful document for rural development. However, the PLPs need to be strengthened and the district credit planning machinery also requires to be made more effective. While preparing the PLP, NABARD should factor in the broad thrust areas that are inhibiting credit expansion, especially those identified in the onetime Development Plan. The District Development Managers of NABARD, along with the Lead District Manager of the concerned districts would need to discuss the development potential in the districts and the projects which are likely to be taken up during the year, with the various development departments of the State Governments, before the budget outlays for the year are decided. NABARD would then prepare the PLP for the districts taking into account the firm commitments given by the State Government and banks and other stakeholders for the year. NABARD may also identify strategic investments in agriculture and allied activities depending on the comparative advantage and incorporate schemes that may be taken up by banks for financing. In particular, NABARD may focus on districts identified by the Committee on Financial Inclusion (Chairman: Dr. C.Rangarajan, January 2008) as being financially excluded. For other sectors i.e. other than agriculture & allied activities, the LDM should work out a similar action plan based on the commitments made by the State Government. The LDM may, among others, map the MSE units based on census of 2002 and 2007, consider the output and employment indicators and link with growth of credit and deposits and occupational distribution of credit as per BSR. In respect of locations, where there is mismatch between credit growth and output /employment growth, he should identify (i) the existing bank branches in such centres (ii) identify sectors in which skills need to be developed based on growth and employment impulses (iii) identify forward and backward linkages in provision of inputs, services and markets to enhance / upscale growth and employment impetus in the district and (iv) identify organizational gaps and gaps in other services for the same purpose.

3.33 The Zonal / Controlling offices of banks, while finalising their business plans for the year, should take into account the PLPs prepared by NABARD and plans prepared by the LDMs for sectors other than agriculture and allied activities. They should also take into account the commitments made in the ACP which should be ready well in time before the performance budgets are finalised.

3.34 The Annual Credit Plan would be prepared by the Lead District Manager of the lead banks concerned taking into account the PLPs. Particular care may be taken to ensure that there is little or no divergence between the PLP and the DCP/ ACP. The Annual Credit Plans, among others, should clearly indicate the proposed coverage for SCs/STs, minorities and promotion of SHGs in the district.

Implications of 73rd Amendment to the Constitution of India

3.35 The 73rd amendment to the Constitution of India (1992) focuses on people's planning and ensures grass root participation in governance. The amendment makes the Gram Panchayats a people's body and entrusts them with the responsibility of various development functions.

3.36 The amendment has introduced a three-tier Panchayati Raj System across the country. Article 243 G of the Constitution, introduced through the above amendment, requires the State Governments to empower the Panchayats to function as institutions of Local Self Governments so that they can prepare and implement plans for economic development and social justice.

3.37 Further, Article 243 ZD provides for the constitution of District Planning Committees (DPC) in each district with at least 80% of the members being elected representatives of Panchayats/Municipalities. DPCs are required to give guidance to the district machinery and local bodies about the direction of development efforts in the district keeping in view (i) the resource endowment of the area (ii) felt needs of the people and (iii) lead sectors of the district economy. The DPC is expected to take lead in development of a long term vision for the district through a process of consultation with experts, elected representatives, officials of line departments, civil society organizations, etc. Based on the vision, five year plans and annual plans are to be prepared which would reflect the sectoral planning for livelihood issues.

3.38 The Planning Commission has decided that the District Planning Process should be an integral part of the preparation of State's Eleventh Five Year Plan and issued detailed guidelines in this regard on August 25, 2006. The Planning Commission has also stipulated that the sum total of the outlay on district plans in a State may be around 40% of the gross State Plan outlay.

3.39 The Committee advocates that while preparing the District Development Plans by the Government officials, the commitments made in PLP/ACP should appropriately be taken into account. The Committee further suggests that while preparing the credit plans under the Lead Bank Scheme, the annual plans/ five year plans prepared under the District Planning Process by the DPC may be referred to for having a dovetailed approach towards the development process as envisaged by the gram panchayats/ municipalities.

Other Aspects

Land records, collateral and recovery machinery:

3.40 As the level of borrowing increases with growth in the priority sector, banks will need greater assurance regarding the recovery laws and machinery in order that these are in consonance with enforcement of contracts. At the same time, it is essential that the process of recovery is transparent and fair and that harsh measures are not adopted. As the land records, tenurial rights and social capital or collateral issue may be different in various States, the Committee suggests that a special Group of each SLBC consisting of bank and Government representatives undertake a detailed analysis of the various land ownership and tenurial systems prevailing in the State and make recommendations for developing a computerised data base on ownership and lease holdings including encumbrances thereon. This would serve as useful information for purposes of facilitating bank credit. The recommendations should cover specific actions that have to be taken to create transferable rights in the land or documents that will certify that the borrower has the right of the usufruct on the land as in case of oral lessees and sharecroppers this often acts as obstacle to bank lending.

3.41 Other ways for providing credit enhancements and guarantees may also be explored and suggestions made by the group. Social capital is found to be effective collateral in lending to the poor. Joint Liability Groups and Self help Groups have worked well. In order that the recovery climate is strengthened, the sub group may also review the recovery laws, machinery and recommend suitable measures for inducing a better recovery mechanism and credit culture. The SLBC may consider the recommendations of the sub group and take suitable follow up action.

Focus on outcomes in case of Government sponsored schemes:

3.42 The committee noted that Government departments give top priority to physical annual targets and expenditure is the measure of performance. The targets for the various schemes close at the end of the year and start afresh every year. The performance of the scheme is generally measured in relation to the physical achievement and the qualitative aspects are often pushed to the background. This goes against the basic tenet of banking where the quality of assets financed through bank finance should get utmost importance and often leads to creation of sub-standard assets, resulting in high NPAs in loans under the Government sponsored programmes.

3.43 It is suggested that banks should involve themselves actively in the selection of beneficiaries and focus on the bankability and viability of the scheme in the overall interest of ensuring better recovery and ensuring that the subsidy is effectively used for the intended purpose. Governments should evaluate outcomes rather than whether the amounts allocated are fully spent.

Grant of Educational loans:

3.44 India has a demographic advantage which can be leveraged by improving skills of its young population. The educational loans granted by banks may be monitored and progress reviewed in the meetings of the SLBC. In order that banks are able to track the students who had availed of such loans, an institutional mechanism may be evolved with the help of State Governments, educational institutions and banks, so as to ensure proper recovery of such loans.

Involvement of NGOs, Corporates, MFIs and Academics

3.45 The activities of NGOs in facilitating and channelling credit to the low income households are expected to increase in the coming years. Several corporate houses are also engaged in Corporate Social Responsibility activities for sustainable development. Bank's linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/Corporates provide the necessary 'credit plus' services can help leverage bank credit for inclusive growth. Success stories could be presented in DCC/SLBC meetings to serve as models that could be replicated.

3.46 Several institutions and academicians are engaged in research that has implications for sustainable development in agriculture and MSME sectors. There are others which conduct studies on development issues. Engaging with such research institutes and academicians would be useful in bringing in new ideas for furthering the objectives of the Lead Bank Scheme. It would, therefore, be useful if the SLBC/DCC identifies such academicians and researchers who could be invited occasionally to the meetings of these bodies, both for adding value to the discussion and also be associated with studies and product formulation for the State/ district. Such experts could also be invited for the meetings of the sub-committees of SLBC/DCC as indicated in Para 4.4, 4.5 and 4.13 of Chapter IV.

Greater role for private sector banks

3.47 There is a general feeling that the Lead Bank Scheme covers only the public sector banks. The major allocations for agriculture and non-farm rural sector as also under government sponsored schemes are predominantly to these banks. Further, attendance by private sector banks in the various fora under the LBS is poor. It was, however, expressed by the participants at the meetings of the Committee that resources are being taken away by the private sector banks who do not participate in any of the Government schemes to benefit the lowest strata of society. In this connection, some State Governments seem to follow a deliberate policy of allocation of funds /deposits under various schemes depending on the performance of banks in ACPs and Government sponsored schemes, which could be replicated in other States.

3.48 The Committee observed that priority sector lending targets including those for grant of weaker section loans apply equally to the private sector banks and hence there is a significant role for these banks in the implementation of the LBS. The Committee, therefore, recommends private sector banks should involve themselves more actively by bringing in their expertise in strategic planning and leveraging on Information Technology. The Lead banks may also need to involve the private sector banks more closely in the LBS, both while drawing up and in implementing the ACP.

3.49 The Committee is of the view that State Governments should be able to leverage on the benefits of undertaking government business by banks to incentivize in Government sponsored schemes and programmes which may not always have

similar benefits. The State Governments could think of entrusting Government business to banks on the basis of achievements under the Government sponsored schemes or similar programmes. Hence private sector banks may actively involve themselves with the DCC and Action Plans where they have a presence and extend their services through permitted channels in under-banked and unbanked areas.

Inclusion of urban areas

3.50 At present, the urban areas are largely outside the Lead Bank Scheme. However, the problems of financial exclusion are quite acute amongst the urban poor. Hence, there is a need for public policy intervention for improvement of financial services in urban areas.

3.51 The unanimous view during the interactions with State Governments and banks in different regions of the country was that LBS should be extended to cover urban areas to address the problems of a large migrant population of urban poor. Urban slums and low income localities need special focus and forum of banks/municipalities and NGOs working in the area. KYC issues tend to inhibit financial inclusion and need addressing, especially in urban areas. The Committee suggests that banks having the largest presence in each city with more than one million population (to start with) may take the leadership in convening a meeting of bankers and allocating responsibility for various wards to different banks, to ensure that all urban households have easier access to bank accounts and banking services. As the issues in rural and urban areas vary widely, this forum will have to function quite differently from those under the LBS. The Regional Directors of RBI at different centres could confer with the major banks and decide who will be the convenor bank for such a forum. As urbanisation is rapidly growing and the extent of exclusion in urban areas is significant, the objective of achieving 100 per cent financial inclusion in urban areas, would have to address issues of KYC, remittances and credit needs of the unorganised sector. In urban areas, the State government machinery may assist in the opening of bank accounts where there are large settlements of households and obtaining proof of address and identity may be difficult. The Committee would urge that RBI and GOI may work together on ways to simplify KYC norms for opening bank account for small value accounts viz. where outstanding balances at any time do not exceed Rs.50,000/- and the total transactions do not exceed Rs.2,00,000/- in a year on the basis of only a photograph of the account holder and self certification

of address as indicated in the Mid-term review of RBI Annual Policy 2006-07. Till such time, banks may take advantage of the simplified norms for KYC for such accounts contained in the RBI circular of August 23, 2005.

Chapter IV

Strengthening of various fora

4.1 The Committee examined the functioning of the various fora/ committees under the Lead Bank Scheme and the following suggestions are made:

Strengthening of the State Level Bankers Committee

4.2 The Committee observed that in States where the Chief Minister or the Finance Minister takes active interest in the SLBC and is present in the meetings, the SLBC has been more effective as a coordination forum. The Committee also observed that even if the Minister is not present, the presence of the Chief Secretary ensures presence of Secretaries of all critical banking related departments thereby ensuring better outcome of such meetings. The Committee, therefore, suggests that the Chief Secretary should co-chair the meetings of the SLBC with the CMD of the convenor bank. The Chief Minister/ Finance Minister may be invited to attend the meetings periodically, say atleast once in a year when there are major policy issues on the agenda and where he/she does so, may be requested to chair the same.

4.3 The agenda for the SLBC has been found to be unwieldy and lacking focus. Disproportionate time is spent in the DCC/SLBC meetings in discussing whether banks have achieved targets under Government sponsored schemes, while other development initiatives are hardly discussed. In Chapter III, the Committee has recommended that the SLBC should formulate a State Level/ District Level Development Plan focussing on 'enablers' and 'impeders' of banking development for inclusive growth delineating the specific actions to be taken by the various stakeholders viz. banks, government, RBI, NABARD, SIDBI, etc. Hence, the main agenda of the SLBC should be to focus on the implementation of the Development Plan at the State/ District level for inclusive growth.

4.4 In view of the large membership of the SLBC, it would be desirable for the SLBC to constitute Sub-Committees for specific tasks. In addition to the Sub-Committees already in existence, these could include IT enabled financial inclusion, action plan for financial literacy, grant of educational loans, improvement in land records/ other evidence for land ownership/occupation, improving recovery systems, promoting

bank/SHG linkage and addressing issues relating to provision of microfinance in the State, etc., which may examine in-depth the specific issues and come out with solutions/ recommendations for consideration of the SLBC. The composition of the sub-committee and subjects/ issues to be deliberated upon may vary from State to State and may be decided by the SLBC. One of these sub-committees should be entrusted with evaluation/impact assessment studies in regard to various development initiatives taken by the Government/ Reserve Bank/ other apex level institutions/ banks in the State.

4.5 The Committee is of the view that in order to keep the SLBC more compact and purposeful, each meeting of the SLBC could focus on a specific issue/theme such as agriculture, needs of migratory population, NREGA, small scale industry (organised), MSE (unorganised), etc. so that the specific issue selected gets discussed thoroughly and follow up action taken.

4.6 The Committee observes that the various fora at lower levels should give adequate feedback to the SLBC on various issues that needed to be discussed on a wider platform. Important issues/ decisions of the BLBC, DCC and DLCC should be placed before the next meeting of the SLBC, so that these receive adequate attention at the State Level.

4.7 The Committee recommends that secretariat/offices of SLBC should be sufficiently strengthened and the SLBC convenor bank should have a full fledged secretariat for effective discharge of its functions. The secretariat should be well equipped with staff and provided all necessary facilities to help in effectively discharging its duties. As there would be an increased role for the SLBCs in dissemination of instructions, it is important that there are enough personnel and infrastructure.

4.8 An annual conference of Chief Secretaries/Development Commissioners, CMDs of SLBC convenor banks may be convened by the Reserve Bank to discuss important policy issues in the area of financial inclusion and priority sector lending.

4.9 Similarly at the State level, Deputy Governor/Executive Director of Reserve Bank may participate in SLBC meetings on a selective basis.

4.10 Staff at the operational level of banks and government agencies associated with implementation of the Lead Bank Scheme need to be made aware of the latest developments and emerging opportunities. There is need for staff sensitisation/training/seminars, etc. at periodic intervals on an ongoing basis. In each State, a full day sensitisation workshop may be convened by the SLBC Convenor bank in April / May every year. Training institutions of individual banks together with national level training colleges of RBI and NABARD should develop suitable modules for this. CAB, BIRD, NIBM, NIRD, IIBM, etc. could take initiative in conducting training of trainers (TOTs) for evolving the modules and disseminate to training establishments of banks.

4.11 As implementation issues are common across States, best practices and experiences of SLBCs in different States should be shared among themselves, with CAB, Pune acting as a central warehouse using its website and other means for such dissemination on a continuous basis. The websites of the SLBCs may be regularly updated and used for this purpose.

4.12 A small committee, comprising representatives of RBI, Central Office, IBA, Regional Director RBI and Chief General Manager, NABARD of the State concerned may review the performance of the SLBC Convenor banks and lead banks so as to bring about corrective action, including changing the convenorship of SLBC/DCC, if need be.

Revitalizing of the DCCs

4.13 During the discussions with bankers, etc., the overwhelming view expressed was that the effectiveness of the DCC depends on the dynamism and commitment of the District Magistrates (DM). At some centres, it was felt that there was a disconnect in thinking between the banks and the district level authorities as their priorities are different. District Collectors and CEOs of ZPs/ and their equivalent rank officials are the most important functionaries for ensuring the success of the Lead Bank Scheme from the State Government side. The Committee, therefore, recommends training and sensitization programmes for the DMs and other State Government functionaries on banking in general apart from the specific scope and role of the Lead Bank Scheme. Adequate training and sensitisation at the induction level may help in resolving this issue. The IAS probationers as also those posted as

District Magistrate for the first time may be given two to three weeks orientation on Lead Bank Scheme before or immediately after taking charge in the districts; such orientation can be provided by attaching them to SLBC convenor's office in the State to which they are posted. Similarly, soon after their posting, exposure visits to the State capital, development departments/ ZP and the Collectorate may be arranged for LDMs for understanding the priorities of the State Government.

4.14 Sub-Committee of DCCs may be set up to work intensively on specific issues. For example there could be different sub-committees to deal with role of SHGs/MFIs, IT based financial inclusion, MSE sector, etc.

Improving the effectiveness of the Lead District Manager (LDM)

4.15 The role of LDM should cover the following:

- (i) Credit planning at the district level through preparation of one time comprehensive plan for the district and the annual District Credit Plan.
- (ii) Monitoring implementation of the annual credit plan. The LDMs to concentrate on core functions of credit planning and monitoring for stepping up credit flow. To reduce the burden of the LDM, the MIS as indicated in Para 6.9 of Chapter VI may be adopted.
- (iii) Convening:
 - Meetings of the DCC and DLRC.
 - Periodical meetings of DDM/LDO/ government officials for resolving outstanding issues.
 - Annual sensitisation workshops as envisaged in the onetime comprehensive development plan for banks and Government officials with participation by NGOs/PRIs.
- (iv) Facilitating:
 - Drawing up the road map for banking penetration.
 - Setting up of Financial Literacy and Credit Counselling Centres (FLCCs) by banks
 - Grievance redressal through organising quarterly awareness and feedback public meetings in districts.
 - Setting up of RSETIs

Empowering LDM and strengthening his office

4.16 The Committee has observed that in several districts of the country due attention was not paid to adequately equipping the Lead District Managers so as to enable them to discharge their duties effectively. While generally these officers were poorly staffed with limited infrastructural support in the form of telephone connectivity, conveyance facilities, etc. it was also noticed that the staff posted to the office were frequently being utilized for carrying out general branch banking activities by the controlling office of banks to which they were attached. The Committee strongly deprecates this phenomenon and makes the following recommendations in this regard:

- (i) LDM's office being the focal point for successful implementation of the Lead Bank Scheme, due care should be taken in selecting the incumbent and the posting should be made a coveted one.
- (ii) LDM should be at senior level, preferably in Scale V, but in any case not below Scale IV.
- (iii) In order to enable the LDM to discharge his duties in an efficient manner, he should be provided with necessary support staff and infrastructure, commensurate with his role and responsibilities.
- (iv) LDM should set up a mechanism for ensuring on-going co-ordination and communication between LDM, LDO and DDM outside the scheduled DCC/DLRC meetings which will, inter alia, also help in redressal of grievances of the users of banking services.
- (v) LDMs should be sufficiently empowered and delegated with powers to discharge their responsibilities.
- (vi) The Regional Director of RBI and Chief General Manager of NABARD may review the adequacy of support available to the LDMs and other connected aspects with a view to providing feedback to the controlling offices.

Chapter V

Need for decentralization of norms, systems and procedures and the need to create/ improve awareness

5.1 The Committee examined in detail the existing systems and procedures for implementation of various instructions issued under the Lead Bank Scheme. As observed by the Working Group to Examine the Procedures and Processes of Agricultural Loans (Chairman: Shri C.P.Swarnkar), a major problem confronting the farmers desirous of availing bank loans is their lack of awareness about the various schemes available with the banks. The Committee observed that the instructions issued by the Reserve Bank or the Government take considerable time to percolate to the grass root level. It was also observed that in certain cases the intended beneficiary was not even aware of the instructions or guidelines and was totally dependent on what was advised to him/her by the bank branch officials. Many a time, the branch officials themselves received the instructions too late, leaving a wide time gap between the issue of instructions/ guidelines and their implementation by the branches. During the interactions at the field level, the Committee further observed that lack of awareness of Reserve Bank/Government instructions was a major constraint. There is thus a need for appropriate systems and procedures so that the instructions/ guidelines issued reach the grass root level with minimum time gap and the same are made known to the intended beneficiaries. Further, there is also a need to create/ improve awareness of the common persons about banking facilities and schemes available for their benefit, which could be achieved by financial education/literacy initiatives.

Dissemination of instructions

5.2 In order to reduce the time gap between the issue of instructions by Reserve Bank and their implementation, it is essential that the various hierarchical layers are minimized. The Committee suggests that as soon as Reserve Bank, Government of India, NABARD and IBA's instructions are placed on their websites, banks may communicate the same to their branches electronically so that the relative instructions come into operation immediately. In other words, the Committee feels that there is no need for the individual banks to issue a separate set of guidelines to bank branches based on the Reserve Bank circular. These circulars are usually

issued after consultation with Indian Banks' Association (IBA) /user groups and hence there should not be any need for banks to modify them. In cases considered necessary, separate instructions may follow from the head offices of banks. A similar approach may be adopted for the instructions issued by Government of India, NABARD and IBA.

5.3 In all DCC meetings, the first item on the agenda could be a presentation in brief of the major guidelines issued since the last meeting by RBI, Government of India, NABARD and IBA having relevance to the objectives of banking development for inclusive growth.

Training and Sensitisation of bank branch staff and Government officials at district/block and panchayat levels

5.4 Bank officials posted as Lead District Managers may be given two to three weeks attachment at Zilla Parishad/Collectorate for familiarization with Government's role and functioning with regard to the developmental programmes.

5.5 Exposure visits may be arranged by the Lead Bank for District Collectors, Block Development Officers, bank officials, SHGs at various levels to leverage upon success stories.

5.6 Bank Managers should also visit the SHG meeting places to help understand SHGs better.

5.7 Functionaries of PRIs, especially gram panchayats, should be familiarized with preparation of bankable schemes, so that budgetary funds for livelihood promotion can be leveraged for promoting financial inclusion and increasing credit absorption capacity. The LDM/ DDM could take the initiative in this regard.

Creating awareness and publicity

5.8 It is also important that the instructions issued by RBI, Government of India, NABARD, IBA, etc. are properly disseminated to the common people. For the purpose, the Committee suggests that every SLBC should have its own website where all instructions pertaining to the Lead Bank Scheme as well as other

instructions issued by Reserve Bank and other agencies as also in respect of Government Schemes for the benefit of common person are made available. The Committee also suggests that the website should carry the instructions in the local language.

5.9 The Reserve Bank's website has a link for the common person where useful information, FAQs, financial education material, etc., can be accessed by the common person. The SLBC's website may also have such a link for the common person where the gist of the instructions issued by the Reserve Bank for the common person are made available. This would help the people to easily comprehend the instructions without going through the entire circulars. This site could also be used for financial education and could carry a FAQ section to answer all possible queries relating to various products and services.

5.10 As part of its financial literacy efforts, Reserve Bank may bring out small publications in various local languages in easily comprehensible language on different areas on which instructions are issued by it. These could relate to deposit accounts, safe custody, lending to agriculture, lending to micro and small enterprises, micro-finance, education loans etc., which are required to be known and understood by the common person availing bank services. The publication may be in simple language with extensive use of graphics and placed on its website apart from making sufficient copies for those who want it. The SLBCs may, in turn, make available such material on their respective websites for wider dissemination and request copies from Reserve Bank for distribution as deemed fit.

5.11 Each SLBC may have a dedicated Financial Literacy Division to propagate the various instructions. The SLBC may conduct a periodic publicity drive on different subjects related to banking and the common person and use the local media especially newspapers for issuing advertisements on matters such as procedure for opening bank accounts, Reserve Bank instructions relating to priority sector lending etc., in a language easily understood by the common person. The local media should be encouraged to frequently interact with the Financial Literacy Division and its help taken to reach out to the common persons.

Decentralization of norms, systems and procedures

5.12 The products and services offered by banks across the country may not be universally suitable as there could be several location specific issues and problems. The Committee is of the view that there is a need for increased decentralization of norms, systems and procedures to suit local needs. In this context, it is suggested that the products and services offered by banks may be appropriately modified to suit the local conditions. The SLBCs can identify such needs and offer solutions or products that could be uniformly adopted by the banks in the region.

Quarterly district level meetings on Financial Literacy and feedback

5.13 The Committee recognizes that creating awareness amongst the common persons about the availability of various products and services is as important as providing these services. Many a time, people do not avail of the various financial products and services owing to their ignorance. Increased focus is thus required on financial literacy to help the common persons to make informed choices.

5.14 Banks can make use of various civil society organizations, SHGs, Farmer's Clubs, gram panchayats, NGOs, MFIs, etc., to create awareness among the common persons. It is suggested that every quarter, the lead bank may organize an awareness and feedback public meeting in its district. Wide publicity may be given to these meetings so that people's/media representatives, local leaders as also NGOs/CSOs working in the district attend these meetings. Such meetings may be chaired by the District Collector or the CEO of Zilla Parishad or any other person considered suitable by the lead bank and should be attended by the Regional Managers/Controlling Officers of the bank branches and the branch Managers.

5.15 The Reserve Bank LDO may attend these public meetings and give a feedback to the respective Regional Office of the Reserve Bank as also to the Banking Ombudsman in the State on the grievances raised during such meetings and the manner of their resolution.

5.16 The LDM may invite the Banking Ombudsman (BO) for such meetings who may attend the same at his/her convenience. The BO's office could use such fora to hold conciliation meetings based on oral submissions from members of public and explain the rights and responsibilities of bankers and customers.

Credit Counselling Centres

5.17 In rural centres, there is greater need for financial education, credit counselling, generating the need for credit bureau at least at district level initially, to be taken to block/taluka levels subsequently, for improving credit delivery and credit pricing and recovery. In such a set up, the borrowers will be better aware of the banking products suitable to their requirements, and take informed decisions of the facilities availed by them. They will also be in a better position to understand that as borrowers with a good track record the banks can give them upscaled quantum of loans.

5.18 Each lead bank is expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where it has lead responsibility by following the recent guidelines issued by RBI in this regard. Suitable grant may be provided out of the Financial Inclusion Fund (FIF) to set up such centres in districts identified as being financially excluded by the Committee on Financial Inclusion (Chairman: Dr. C.Rangarajan). Necessary action may be taken by NABARD for drawing up a scheme for this purpose. The State Government machinery may support the efforts made by banks for financial literacy. Towards this, State Government may proactively provide assistance of the government machinery, especially at the grass root level such as schools, panchayats, etc., for this purpose.

Chapter VI

Lead Bank Information and Monitoring System

Service Area Monitoring and Information System (SAMIS)

6.1 The data regarding the performance of banks vis-à-vis the targets allotted to them under District Credit Plans (DCPs)/Annual Credit Plans (ACPs) were being collected through a set of returns prescribed under the information system for the Lead Bank Scheme, with effect from the quarter ended December 1980. Subsequently, these returns were modified in the light of the recommendations of the Working Group on Priority Sector Lending and 20-Point Economic Programme (Chairman: Dr. K. S. Krishnaswamy) (1980) and the Working Group on the Role of Banks in the Implementation of the New 20-Point Programme (Chairman: A. Ghosh) (1982), as under:

- (i) Return LBS – 1 (quarterly) : Branch level return on outstanding advances to priority sectors and weaker sections;
- (ii) Return LBS – 3 (quarterly) : Branch level return on progress achieved in implementing AAP; and
- (iii) Return LBS – 5 (Annual) : Branch level return on recovery of advances for the year ending June.

6.2 These returns were being consolidated at the district level by the Lead District Managers in the case of lead banks and by the District Co-ordinators in the case of non-lead banks. The bank-wise returns for each district were ultimately consolidated by the Lead District Managers concerned, who were also responsible for submitting the same to the BLBCs, DCCs, SLBC, District Development Managers of NABARD and the Regional Office of Reserve Bank of India concerned.

6.3 In order to include the planning and monitoring of creation of assets in terms of physical units, in addition to financial outlays as also generation of computerized data and reports, the information and monitoring system was modified with effect from April 1991, as under:

- (i) Village/Service Area Credit Plans (LBR–1/LBR–U1) giving the break-up of sector-wise credit targets on a quarterly basis – (The lending programmes in respect of branches with service area allocation are presented in LBR–1, and the lending programmes of all the branches in semi-urban/urban areas to priority sectors in LBR–U1 similar to LBR-1);
- (ii) Service Area Credit Disbursal Scroll (LBR–2/LBR–U2) giving the progress achieved in implementing Annual Credit Plans on a monthly/quarterly basis (The branches with service area allocation submit LBR – 2 return on a monthly basis and the semi-urban/urban branches without service area allocation prepare LBR-U2 on a quarterly basis); and
- (iii) Service Area Recovery and Outstanding Statement (LBR–3A, 3B and 3C/LBR—U3A, 3B and 3C) giving the data on outstanding position on deposits and advances on a quarterly basis (3A), outstanding position of sector-wise credit on a half-yearly basis (3B), and recovery position on annual basis (3C) (The branches with service area allocation submit LBR – 3 return and semi-urban/urban branches without service area allocation prepare LBR-U3).

6.4 These returns are required to be submitted by the branches of scheduled commercial banks/RRBs/DCCBs/SLDB/PLDB either directly to the Lead District Managers or through their Controlling Offices/District Co-ordinators/Head Offices to the Lead District Managers for consolidation by them at the district level. The data was to be computerized at district level by the lead banks concerned through some computer agency and NABARD was vested with the responsibility to develop the necessary package for processing the LBR data.

6.5 It is widely recognized that SAMIS is a comprehensive information system capable of generating varied information reports, relating to priority sector activities, for decision making. Under SAMIS, loans disbursed are categorized under types of borrowers (small farmers, marginal farmers, SHG, NGO, cooperative society, physically handicapped, minority, etc.), types of loans (short-term agriculture, short-term cottage industries, medium-term loans, long-term loans, etc.), interest rates, types of government programmes, etc. Further, the outstanding advances are reported for all sectors and activities. The statement on recovery and overdue classification is reported sector-wise for agriculture and allied activities and activity-wise for non-farm sector and other priority sectors.

6.6 Over the years, it has been the experience that branches have not been regular in submission of LBRs. This led to problems/difficulties in consolidation of data by Lead District Managers and its presentation in the DCC meetings. This also resulted in clogging of the entire information channel under the Lead Bank Scheme. Although data entry and generation of Reports at LDM level is computerized through SAMRUDDHI (Service Area Monitoring and Reporting Using Developed Data Handling Implements) software package, LBRs submitted by branches (including fully computerized branches) were observed to have been filled up manually. This is because SAMIS returns are different from the internal returns prescribed by Controlling Offices of banks for monitoring credit disbursement. Information required and formats under SAMIS returns are not in-built in the software packages presently in use in banks. Data entry at LDM Office level is thus made from manually filled up returns from branches and this leads to possibility of wrong/inaccurate entries. Moreover, there is a duplication of efforts, viz. entry of data first at branch level and then again at the LDM Office level. With the banking industry moving

towards 100 per cent computerization, the existing system has largely become outdated, generating the need for a change.

6.7 On dispensing with the restrictive provisions of SAA, NABARD was requested to review the SAMIS reporting system and to initiate necessary modifications/changes therein. Accordingly, NABARD constituted a Working Group to look into the problem of non-stabilisation of SAMIS and to make it more compatible with the existing MIS of banks. The Group suggested adoption of BSR coding system as the basis for fixing codes for detailed activities of priority sector (i.e. extension of BSR coding system) to facilitate its integration into the banks' internal information system, which would ensure not only timely submission of the information but also error free report generation. The Working Group decided to develop a standardized information system to take into consideration all information requirements connected with priority sector lending. The Group, inter-alia, recommended for renaming the revised reporting system to be known as "Priority Sector MIS" instead of SAMIS.

6.8 Further, NABARD constituted another group headed by its Managing Director to further examine the convergence between SAMIS and RPCD Priority Sector returns and firm up the format of returns. The Group suggested broad-basing the BSR code list so as to cover various sectors/sub-sectors/activities identified under priority sector, as the existing BSR code list did not provide for data generation on the entire gamut of Priority Sector lending.

6.9 With a view to reviewing the present position regarding receipt and compilation of data by RBI and NABARD on bank credit to various activities under priority sector, especially agriculture and small enterprises sectors, so as to ensure consistency and accuracy, a Working Group on Rationalisation of Returns Furnished by Scheduled Commercial Banks to RBI and NABARD (Chairman: Dr. A. K. Ray) was constituted in November 2007. The Group submitted its report in August 2008 and has given various recommendations, which have been accepted by this Committee and which inter-alia, are as follows:

(i) Adoption of a revised SAMIS reporting system as recommended by the NABARD Working Group (referred to at Para 6.7 above), i.e. **Priority Sector Monitoring and**

Information System (PSMIS), detailed below, so as to capture account-wise details with additional information.

- (a) PSR-1: Annual Credit Plan on an annual basis;
- (b) PSR-2: Disbursement of advances on a quarterly basis;
- (c) PSR-3A: Outstanding advances and deposits on a quarterly basis;
- (d) PSR-3B: Outstanding advances sector-wise on a quarterly basis;
- (e) PSR-3C: Recovery position on an annual basis; and
- (f) PSR-3D: Asset Classification on an annual basis

(ii) In order to streamline the process under PSMIS and avoid duplication of efforts at all levels, there is need for technology upgradation and reducing the burden on LDMS to enable them to devote more time on their core functions. Accordingly, the bank branches would need to report the above returns with account-wise details to their controlling offices/Regional Offices/District Coordinators, instead of the Lead District Managers as at present. The Controlling Offices/Regional Offices/District Coordinators need to be made responsible for consolidating their bank branches' block-wise and district-wise data and furnishing the same to their Zonal Offices/Head Offices as also to the SLBCs/UTLBCs concerned. The SLBC convenor banks shall consolidate the information received from the concerned controlling offices of banks, and generate bank-wise, block-wise, district-wise, sector-wise, activity-wise reports, as detailed below. Following reports may be generated for submission to LDMS & DDMS concerned.

PSR 1 based:

- Report 1 – Activity-wise / branch-wise credit plan (Annual)
- Report 2 – Activity-wise / block-wise credit plan (Annual)
- Report 3 – Activity-wise / district-wise credit plan (Annual)

PSR 2 based:

- Report 4 – Activity-wise / branch-wise credit disbursement (Quarterly)
- Report 5 – Activity-wise / block-wise credit disbursement (Quarterly)
- Report 6 - Activity-wise/district-wise credit disbursement (Quarterly)

PSR 3 Part 'A' based:

- Report 7 – Branch-wise Deposits & Advances – Outstanding (Half yearly)
- Report 8 – Block-wise Deposits & Advances – Outstanding (Half yearly)
- Report 9 – District-wise Deposits & Advances – Outstanding (Half yearly)

PSR 3 Part 'B' based:

- Report 10 – Branch-wise/Sector-wise Advances – Outstanding (half yearly)
- Report 11 – Block-wise / Sector-wise Advances – Outstanding (half yearly)
- Report 12 – District-wise / Sector-wise Advances – Outstanding (half yearly)

PSR 3 Part 'C' based:

- Report 13 – Branch-wise/Sector-wise Advances – Recovery (Annual)
- Report 14 – Block-wise / Sector-wise Advances – Recovery (Annual)
- Report 15 – District-wise / Sector-wise Advances – Recovery (Annual)

PSR 3 Part 'D' based:

- Report 16 – Branch-wise / Broad Sector-wise Asset Classification (annual)
- Report 17 – Block-wise / Broad Sector-wise Asset Classification (annual)
- Report 18 – District-wise / Broad Sector-wise Asset Classification (annual)

(iii) In order to eliminate/ minimize the inconsistencies in data reported by banks to RBI/NABARD/DCC/SLBC, etc., data may be captured from one source linked to the base level entity. The branch and its accounts were considered as the base for the purpose.

(iv) Adoption of a standard coding structure, based on BSR coding system with suitable modifications and extensions, at the source level for ensuring consistency of data across various groups and sub-group level aggregation.

(v) Formulation of a 9-digit extended activity/occupation coding structure to be used at the base level, i.e. the branch. The first 2-digits would represent the sub-sector and next 2-digits the purpose/activity for the use of RPCD/ SAMIS. The last 5-digits would represent the concerned BSR activity/occupation code. Thus, for every account at the base level, the proposed basic coding structure would consist of 4-digits code consisting of sub-sector/ purpose, suffixed with appropriate 5-digit BSR occupation code, which would facilitate a proper linkage between the two systems.

(vi) Creation of unique codes for each block in the country so as to generate block-wise reports for monitoring of flow of credit at block level.

(vii) In the medium term, a Central Nodal Agency (CNA), entrusted with the responsibility of designing the appropriate system and procedures, monitoring the

implementation at the base level, imparting training and system maintenance, may be created. The CNA should also be responsible for design and creation of a Centralized Data Repository System (CDRS) which would receive all the data from the base level and store it for effective retrieval in the form of any return. The data from the branches would reside in the CDRS and any user, with proper registration with CNA, would be able to extract their required information in the desired format as per his/her requirements.

(viii) Data furnished by controlling offices to SLBCs should always match with the data furnished by them to their zonal offices/head offices.

6.10 In order to ensure an efficient and effective implementation of the proposed system, the Group suggested implementation in various phases (short, medium and long term targets). In the beginning, there may be multiple sources and gradually the system may move towards convergence on having one unique source and unique target within a span of four years. The Central Nodal Agency (CNA), would, therefore, be responsible for designing the appropriate systems and procedures, monitoring the implementation at the base level, imparting trainings and system maintenance. The CNA would also be responsible for design and creation of the Centralized Data Repository System (CDRS). Creation of Central Nodal Agency and implementation of a Centralized Data Repository System (CDRS) would ensure convergence towards the rationalisation of returns, with the scheme of one source and unique target.

6.11 First phase of implementation (Short-Term)

- Continuation of existing returns till the time the data reporting mechanism of one source and unique target is implemented.
- Implementation of the proposed system of Priority Sector Monitoring and Information System (PSMIS), in place of SAMIS, with the revised Priority Sector Returns (PSR).
- Bringing branches of urban co-operative banks as also branches of scheduled commercial banks located in the metropolitan cities under the purview of Lead Bank Scheme, as they are also lending to various priority sectors.

- Setting up of the Central Nodal Agency (CNA) and initiation of steps to set up the Central Data Repository System (CDRS).

6.12 Second phase of implementation (medium term)

- Implementation of CDRS in a phased manner.
- A secured way of capturing the data from the bank branch to a single target using latest IT initiatives, viz., web-based system should be put in place. The centralized database in the prescribed format would then be furnished to their Head Offices and controlling offices/regional offices/district coordinators, which will then submit the prescribed returns to RBI, NABARD and SLBC.

Final phase of implementation (long-term)

6.13 In the final phase, CNA should complete implementation of the Centralized Data Repository System (CDRS), which would receive all the data from the base level and store it for effective retrieval in the form of any return and ensure convergence towards the rationalisation of returns, with the scheme of one source and unique target. The branches would submit data in a secured manner, as initiated in the second phase, to the CDRS directly. Integration of the proposed PSMIS (revised SAMIS) reporting system with the banks' internal reporting system may also be ensured to smoothen the reporting process and avoid any inconsistencies in data. The data from the branches would be located in the CDRS and any user with access rights would be able to extract their required information in the desired format as per his/her requirements.

6.14 The Committee takes note of the above recommendations/suggestions and is of the opinion that the revised SAMIS reporting system may be implemented on a pilot basis in one/two States and thereafter extended to the rest of the country. Accordingly, the first phase of implementation may be started with effect from April 1, 2010, the second phase from April 1, 2011 and the final phase from April 1, 2013. The Committee also recommends that Indian Banks' Association may devise a software for consolidation and generation of bank-wise, block-wise, district-wise, sector-wise, activity-wise reports by SLBC convenor banks on an urgent basis.

6.15 The Committee is of the view that the implementation of the entire revised reporting system in the country including developing a Centralised Data Repository System in order to avoid inconsistency of data as also duplicity of its inputting, would require systematic planning and co-ordinated efforts of the various agencies. The Committee, therefore, recommends that a small Working Group may be set up by the Reserve Bank of India, with members drawn from NABARD and select major public and private sector banks, to formulate the modalities and work on implementation of the revised framework.

Chapter VII

Summary of recommendations

1. The Lead Bank Scheme (LBS) is useful and needs to continue. The State Level Bankers Committee (SLBC) and various fora under LBS should focus on addressing the 'enablers' and 'impeders' in achieving greater financial inclusion and flow of credit to priority sectors, while continuing to monitor subsidy linked government sponsored schemes. (Para 3.1, 3.8)
2. The Committee noted that the recent data available from various sources showed that large sections of rural population and urban poor still do not have access to banking facilities. Out of nearly six lakh inhabited villages in the country, 2.30 lakh villages have a population of over 1000 and 1.09 lakh villages, over 2000. There are around 47,000 branches of scheduled commercial banks at rural and semi-urban centres. Penetration of banking in several parts of the country is still limited. This has also inhibited the development of payment system in such parts. The underlying thrust of the RBI policy on use of Business Correspondents, mobile payments, Point of Sale (POS) outlets is to allow 'cash in cash out' transactions only at banking outlets. Hence, it is critical that banking services are seen as a public good and are also made accessible to all sections of population and regions of the country at affordable costs. At the same time, the Committee would like to emphasize the role of the State Governments in facilitating such financial inclusion. At a deeper level, mere access to a banking outlet cannot lead to inclusive growth. The State development machinery has to ensure the availability of backward and forward linkages to ensure that credit is gainfully deployed and income levels enhanced. (Para 3.3)
3. The overarching objective of LBS shall be to enable banks and State Governments to work together for inclusive growth. (Para 3.4)
4. It is necessary to broad base the scope of the scheme to cover initiatives for financial inclusion, role of State Governments, financial literacy and credit counselling as also 'credit plus' activities, formulate action plans to facilitate 'enablers' and remove /minimise 'impeders' for banking development for inclusive growth, develop grievance redressal mechanism, etc.(Para 3.7)

- 5.** In every district, a Sub-Committee of the District Consultative Committee (DCC) may be constituted to draw up a road map to provide banking services through a banking outlet at least once a week at every gram panchayat. In the first instance, a banking outlet may be made accessible to each village having a population of over 2000, at least once a week on a regular basis. The services may not necessarily be through a brick and mortar branch but can be provided through various forms of branchless banking including through business correspondents (BCs). The sub- committee should come out with a time frame within which this can be achieved by March 2010 and the time frame for completion of the entire exercise should not be later than March 2011. Savings, loan, remittance and insurance products backed by financial education should form a part of achieving deeper financial education. (Para 3.10 & 3.11)
- 6.** A monitoring system may be instituted by the DCC to periodically assess the position regarding achieving the roadmap and report the same in each meeting of the DCC. (Para 3.12)
- 7.** Banks need to take the maximum advantage of available IT solutions. The funding arrangements available under Financial Inclusion Technology Fund (with NABARD) or other options such as the support offered for distribution of Government payments by RBI may be explored for the purpose. (Para 3.13)
- 8.** Reserve Bank may review the extant guidelines on BCs to expand the category of persons who can be made eligible to act as BCs. Retail outlets like Public Distribution System (PDS) and fertiliser distributors as BCs may be examined by RBI, from the policy, regulatory and consumer protection perspectives. RBI may consider allowing banks to use mature Self Help Groups (SHGs) group leaders as BCs with IT solutions in place to ensure requisite safeguards. (Para 3.14, 3.15)
- 9.** Although permitted, Primary Agricultural Credit Societies (PACS) are not being used as BCs. Concerted efforts may be made for using PACS as BCs where such PACS are running well. (Para 3.16).
- 10.** NABARD may make a detailed review of the SHG-bank linkage programme and come up with revised guidelines to facilitate migration of members of mature groups to become micro entrepreneurs and increase the scale of lending through such groups. (Para 3.17)

- 11.** State Governments to ensure road and digital connectivity to all centres where penetration by the formal banking system is required. The achievement of such connectivity may be monitored by a sub-committee of the DCC. Full advantage may be taken of the special scheme offered by Reserve Bank to provide satellite connectivity through small V-SATs in remote areas. (Para 3.19)
- 12.** State Governments to ensure conducive law and order situation, adequate security, uninterrupted power, water supply and irrigation facilities. (Para 3.20)
- 13.** In the implementation of subsidy linked credit schemes, State Governments may consider giving preference to the previous year's uncovered trainees for loans in the following year, list out negative activities for loan purposes, prepare a centralized information on defaulters and recovery status, ensure adequate due diligence in selection of beneficiaries and try to bring in participation by private sector banks in various government sponsored schemes. (Para 3.21)
- 14.** The State Government machinery may support the efforts made by banks for financial literacy. Towards this, the State Governments may proactively provide the assistance of the government machinery, especially at the grass root level such as schools, panchayats, etc., for dissemination of the products and services of the banks. (Para 3.22)
- 15.** In order to reduce use of cash/cheques, State Governments may take initiative to make their bulk payments like salaries, pensions, etc. through mechanisms like ECS as they are cost effective and operationally efficient. In addition, as indicated above, the use of IT solutions for disbursement of National Rural Employment Guarantee Act (NREGA) and social security payments such as National Old Age Pension Scheme (NOAPS) through bank accounts may be expedited taking advantage of the scheme introduced by RBI for funding a part of the cost of opening such bank accounts. Thus, State Governments should be able to leverage on the benefits of undertaking government business accruing to banks to incentivize their involvement in Government sponsored schemes and programmes which may not always have business benefits. (Para 3.23)
- 16.** Support to banks for recovery drives may be extended by the State Government and the recovery teams may include Government officials.

Cases of wilful defaults/ absconding/ misutilisation of loan/subsidy amount in respect of Government Sponsored Schemes, etc. may be treated as an economic offence and dealt with accordingly. (Para 3.24)

- 17.** Lead banks are expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where they have lead responsibility. (Para 3.25)
- 18.** The DLCCs/SLBCs may monitor initiatives for providing 'credit plus' services by banks and State Government. The lead banks would need to take expeditious steps to set up RSETIs as per the plan projections. As recommended by the Working Group on Rehabilitation of Sick SMEs (Chairman: Dr. K.C.Chakrabarty, April 2008), a scheme for utilising specified NGOs for providing training and other services to tiny micro enterprises may be launched by the Government . (Para 3.26)
- 19.** The Committee recommends formulation of a onetime comprehensive State Level /District Level Development Plan for all States / districts on the lines recommended for the North Eastern Region by the Committee on Financial Sector Plan for North Eastern Region (NER) (Chairperson: Smt. Usha Thorat: July 2006). The primary objective of the plan would be to identify 'enablers' and 'impeders' for banking development and evolve appropriate strategies to facilitate banking development for inclusive growth. The plan at State and district levels will indicate roles and responsibilities of banks, State Government and other stakeholders to ensure banking development for inclusive growth.(Para 3.27)
- 20.** At the State level, the Development Plan may be prepared by a Sub-Committee which headed by the convenor of SLBC and include officials from the State Government, RBI and NABARD, besides the major participating banks. A similar exercise may be carried out at the District level, where a Sub - Committee of the DCC headed by the LDM and having district level government officials, DDM, NABARD and representatives of major participating banks as members, may prepare such a plan with inputs from the LDO of Reserve Bank of India. (Para3.28)
- 21.** The plan should identify centres requiring general banking, currency chests, branches handling forex business and government business where such centres are considered essential as per public policy but are not considered commercially viable by banks, and the Government is prepared to extend

support for opening of the branches. The names of such centres may be forwarded to Reserve Bank's Regional Offices concerned to explore how such branches can be opened.

The Development Plan for a State/district should factor in ways of extending the outreach of SHGs & MFIs with support from NABARD and SIDBI, devise products appropriate to local ethos, offer affordable insurance products along with the no-frills accounts and provide for annual sensitization workshops. The plan may also include publicity and awareness endeavours, road map for setting up and monitoring financial counselling centres as also focus on critical infrastructure gaps that have affected credit deployment/production, improving recovery climate, strengthening RRBs etc. The plan should also envisage action for facilitating credit to the MSE sector and the SLBC/DCC may evolve a suitable matrix as part of the Development plan for monitoring the performance of various stake holders. (Para 3.29)

- 22.** The State/District Level Development Plan shall be monitored at quarterly intervals in the SLBC/DCC meetings by a sub-committee of SLBC at the state level and through a core committee convened by the Lead District Manager with the Chief Executive Officer of the Zilla Parishad as chairman. (Para 3.30)
- 23.** The planning process presently in vogue envisages preparation of PLPs by NABARD for all the districts of the country. These plans are to be prepared by October-November every year and provide inputs both to the district planning authorities for preparing their budgetary plans and to the lead banks for preparing the District Credit Plans (DCP), respectively. The Committee suggests that preparation of PLP may be advanced to be completed by August every year so that the State Governments may factor in the projections made in the PLP. (Para 3.31)
- 24.** While preparing the PLP, NABARD should factor in the suggestions made in the Development plan. The DDMs of NABARD, along with the LDMs of the concerned districts would need to discuss the development potential in the districts and the projects which are likely to be taken up during the year, with the various development departments of the state governments, before the budget outlays for the year are decided. NABARD would then prepare the PLP for the districts taking into account the firm commitments given by the

State Government and banks and other stakeholders for the year. The LDM may, among others, map the MSE units based on census of 2002 and 2007, consider the output and employment indicators and link with growth of credit and deposits and occupational distribution of credit as per BSR. (Para3.32)

- 25.** The Zonal / Controlling offices of banks, while finalising their business plans for the year, should take into account the PLPs prepared by NABARD and plans prepared by the LDMs for sectors other than agriculture and allied activities. They should also take into account the commitments made in the ACP which should be ready well in time before the performance budgets are finalised. (Para3.33)
- 26.** The Annual Credit Plan would be prepared by the Lead District Manager of the Lead banks concerned taking into account the PLPs. The Annual Credit Plans, among others, should clearly indicate the proposed coverage for SCs/STs, minorities and promotion of SHGs in the district. (Para 3.34)
- 27.** The Committee advocates that while preparing the District Development Plans by the Government officials, the commitments made in PLP/ACP should appropriately be taken into account. The Committee further suggests that while preparing the credit plans under the Lead Bank Scheme, the annual plans/ five year plans prepared under the District Planning Process by the DPC may be referred to for having a dovetailed approach towards the development process as envisaged by the gram panchayats/ municipalities. (Para 3.39)
- 28.** A special Group of each SLBC consisting of bank and Government representatives may undertake a detailed analysis of the various land ownership and tenurial systems prevailing in the State and make recommendations for developing a computerised data base on ownership and lease holdings, including encumbrances thereon. The plan may also include specific actions that have to be taken to create transferable rights in the land or documents that will certify that the borrower has the right of the usufruct on the land as in case of oral lessees and sharecroppers this often acts as obstacle to bank lending. (Para 3.40)
- 29.** In order that the recovery climate is strengthened, the sub group may also review the recovery laws, machinery and recommend suitable measures for inducing a better recovery mechanism and credit culture. The SLBC may

consider the recommendations of the sub group and take suitable follow up action. (Para 3.41)

- 30.** Banks should involve themselves actively in the selection of beneficiaries and focus on the bankability and viability of the scheme in the overall interest of ensuring better recovery and ensuring that the subsidy is effectively used for the intended purpose. Governments should evaluate outcomes rather than whether the amounts allocated are fully spent. (Para 3.43)
- 31.** The educational loans granted by banks may be monitored and progress reviewed in the meetings of the SLBC by evolving a tracking mechanism with the help of state Governments, educational institutions and banks, so as to ensure proper recovery of such loans. (Para 3.44)
- 32.** The activities of NGOs in facilitating and channelling credit to the low income households are expected to increase in the coming years. Several corporate houses are also engaged in Corporate Social Responsibility activities for sustainable development. Bank's linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/Corporates provide the necessary 'credit plus' services can help leverage bank credit for inclusive growth. Success stories could be presented in DCC/SLBC meetings to serve as models that could be replicated.(Para 3.45)
- 33.** It would be useful if the SLBC/DCC identifies academicians and researchers engaged in research and development studies who could be invited occasionally to the meetings of these bodies, both for adding value to the discussion and also be associated with studies and product formulation for the State/ district. (Para 3.46)
- 34.** The Committee recommends that private sector banks should involve themselves more actively in LBS by bringing in their expertise in strategic planning and leveraging on Information Technology. The Lead banks may also need to involve the private sector banks more closely in the LBS, both while drawing up and in implementing the ACP. (Para 3.47)
- 35.** The Committee is of the view that State Governments should be able to leverage on the benefits of undertaking government business by banks to incentivize in Government sponsored schemes and programmes which may not always have similar benefits. There is a greater role for the private sector banks in the LBS. The State Governments could think of entrusting Government business to banks on the basis of achievements under the

Government sponsored schemes or similar programmes. Hence private sector banks may actively involve themselves with the DCC and Action Plans where they have a presence and extend their services through permitted channels in under-banked and unbanked areas. (Para 3.49)

- 36.** In urban areas, banks having the largest presence in each city with more than 1 million population (to start with) may take the leadership in convening a meeting of bankers and allocating responsibility for various wards to different banks, to ensure that all urban households have easier access to bank accounts and banking services. The Committee would urge that RBI and GOI may together work on ways to simplify KYC norms for opening bank account for small value accounts viz. where outstanding balances at any time do not exceed Rs.50,000/- and the total transactions do not exceed Rs.2,00,000/- in a year on the basis of only a photograph of the account holder and self certification of address as indicated in the Mid-term review of RBI Annual Policy 2006-07. Till such time, banks may take advantage of the simplified norms for KYC for such accounts contained in the RBI circular of August 23, 2005. (Para 3.51)
- 37.** The Chief Secretary should co-chair the meetings of the SLBC with the CMD of the convenor bank. The Chief Minister/ Finance Minister should be invited to attend the meeting and where he/she does so, may be requested to chair the same. (Para 4.2).
- 38.** The main agenda of the SLBC should be to focus on the implementation of the Development Plan at State/District level for inclusive growth. (Para 4.3).
- 39.** In view of the large membership of the SLBC, it would be desirable for the SLBC to constitute Sub-Committees for specific tasks. In addition to the Sub-Committees already in existence, these could include IT enabled financial inclusion, financial inclusion in urban areas, action plan for financial literacy, grant of educational loans, improvement in land records/ other evidence for land ownership/occupation, improving recovery systems, measures to deal with downturn, promoting bank/SHG linkage and addressing issues relating to provision of microfinance in the State, etc., which may examine in-depth the specific issues and come out with solutions/ recommendations for consideration of the SLBC. The composition of the sub-committee and subjects/ issues to be deliberated upon will clearly vary from State to State and may be decided by the SLBC. One of these sub-committees should be

entrusted with evaluation/impact assessment studies in regard to various development initiatives taken by the Government/ Reserve Bank/ other apex level institutions/ banks in the State. (Para 4.4).

- 40.** In order to keep the SLBC more compact and purposeful, each meeting of the SLBC could focus on a specific area such as agriculture, migration issues, NREGA, small scale industry (organised), MSE (unorganised), etc. so that experts on the relative areas can be invited to facilitate out of box thinking. (Para 4.5).
- 41.** The various fora at lower levels should give adequate feedback to the SLBC on various issues that needed to be discussed on a wider platform. Important issues/ decisions of the BLBC, DCC and DLCC should be placed before the next meeting of the SLBC, so that these receive adequate attention at the State Level. (Para 4.6)
- 42.** The secretariat/offices of SLBC should be sufficiently strengthened and the SLBC convenor bank should have a full fledged secretariat for effective discharge of its functions. The secretariat should be well equipped with staff and provided all necessary facilities to help in effectively discharging its duties. (Para 4.7)
- 43.** An annual conference of Chief Secretaries/Development Commissioners, CMDs of SLBC convenor banks may be convened under the Chairmanship of the Governor, Reserve Bank to discuss important policy issues in the area of financial inclusion and priority sector lending. In each State, a full day sensitisation workshop may be convened in April/May every year. (Para 4.8).
- 44.** At State level, Deputy Governor/Executive Director of Reserve Bank may participate in the SLBC meetings on a selective basis. (Para 4.9)
- 45.** Staff at the operational level of banks and government agencies associated with implementation of the Lead Bank Scheme need to be made aware of latest developments and emerging opportunities. There is need for staff sensitisation/ training/seminars, etc. at periodic intervals on an ongoing basis. In each State, a full day sensitisation workshop may be convened by the SLBC Convenor bank in April / May every year. Training institutions of individual banks together with national level training colleges of RBI and NABARD should develop suitable modules for this. CAB, NIBM, IIBM, BIRD, NIRD, etc. could take initiative in conducting training of trainers (TOTs)

for evolving the modules and disseminate to training establishments of banks.(Para 4.10).

- 46.**As implementation issues are common across States, best practices and experiences of SLBCs in different States should be shared among themselves, with CAB, Pune acting as a central warehouse using its website and other means for such dissemination on a continuous basis. The websites of the SLBCs may be regularly updated and used for this purpose. (Para 4.11).
- 47.**A small committee, comprising representatives of RBI, Central Office, IBA, and the Regional Director RBI and Chief General Manager of NABARD of the State concerned may review the performance of the SLBC Convenor banks and lead banks so as to bring about corrective action, including changing the convenorship of SLBC/DCC, if need be. (Para 4.12).
- 48.**Training and sensitization programmes for the District Collectors and CEOs of ZPs/ and their equivalent rank officials of the State Government may be provided. The IAS probationers as also those posted as district Magistrates for the first time may be given two to three weeks orientation on Lead Bank Scheme before or immediately after taking charge in the districts; such orientation can be provided by attaching them to SLBC convenor's office in the State to which they are posted. (Para 4.13)
- 49.**A Sub-Committee of DCC may be formed to work intensively on specific issues. There could be different sub-committees to deal with role of SHGs/MFIs, IT based financial inclusion, MSE sector, etc.(Para 4.14)
- 50.**The role of LDM should cover convening meetings of the DCC and DLRC, periodical meetings of DDM/LDO/ government officials for resolving outstanding issues, facilitating setting up of Financial Literacy and Credit Counselling Centres (FLCCs), RSETIs by banks, holding annual sensitisation workshops for banks and government officials with participation by NGOs/PRIs, grievance redressal, credit planning at the district level through preparation of one time comprehensive development plan for the district and annual District Credit Plan, and Monitoring implementation of the annual credit plan. (Para 4.15)
- 51.**LDM's office being the focal point for successful implementation of the Lead Bank Scheme, due care should be taken in selecting the incumbent and the posting should be made a coveted one. (Para 4.16(i))

- 52.** LDM should be at senior level, preferably in Scale V, but in any case not below Scale IV. In order to enable the LDM to discharge his duties in an efficient manner; he should be provided with necessary support staff and infrastructure, commensurate with his role and responsibilities. (Para 4.16(ii&iii))
- 53.** There is a need for putting in place a mechanism to facilitate greater coordination between LDM, LDO and DDM outside the scheduled DCC/DLRC meetings, on an ongoing basis, which will, inter alia, also help in redressal of grievances of the users of banking services. The Regional Directors of the RBI and Chief General Managers of NABARD may review the adequacy of support available to the LDMs and other connected aspects with a view to providing feedback to the controlling offices. LDMs should be sufficiently empowered and delegated with powers to discharge their responsibilities. (Para 4.16(iv)(v)(vi))
- 54.** As soon as Reserve Bank, Government of India, NABARD and IBA's instructions are placed on their websites, banks may communicate the same to their branches electronically so that the relative instructions come into operation immediately. (Para 5.2)
- 55.** In all DCC meetings, the first item on the agenda could be a presentation in brief of the major guidelines issued since the last meeting by RBI, Government of India, NABARD and IBA having relevance to the objectives of banking development for inclusive growth. (Para 5.3)
- 56.** Bank officials posted as Lead District Managers may be given two to three weeks attachment at Zilla Parishad/Collectorate for familiarization with government's role and functioning with regard to the developmental programmes. (Para 5.4)
- 57.** Exposure visits may be arranged by the Lead Bank for District Collectors, Block Development Officers, bank officials, SHGs at various levels to leverage upon success stories. (Para 5.5)
- 58.** Bank Managers should also visit the SHG meeting places to help understand SHGs better. (Para 5.6)
- 59.** Functionaries of PRIs, especially gram panchayats should be familiarized with preparation of bankable schemes, so that budgetary funds for livelihood promotion can be leveraged for promoting financial inclusion and increasing

credit absorption capacity. The LDM/ DDM could take initiatives in this regard. (Para 5.7)

- 60.** Every SLBC should have its own website where all instructions pertaining to the Lead Bank Scheme as well as other instructions issued by Reserve Bank and other agencies as also in respect of Government Schemes for the benefit of common person are made available. The website should carry the instructions in the local language. The SLBC's website may have a link for the common person where the gist of the instructions issued by the Reserve Bank for the common person is made available. This site could also be used for financial education and could carry a FAQ section to answer all possible queries relating to various products and services. (Para 5.8 & 5.9)
- 61.** As part of its financial literacy efforts, Reserve Bank may bring out small publications in various local languages in easily comprehensible language on different areas on which instructions are issued by it. The publication may be in simple language with extensive use of graphics and placed on its website apart from making sufficient copies for those who want it. The SLBCs may, in turn, make available such material on their respective websites for wider dissemination and request copies from Reserve Bank for distribution as deemed fit. (Para 5.10)
- 62.** Each SLBC may have a dedicated Financial Literacy Division to propagate the various instructions. The SLBC may conduct a periodic publicity drive on different subjects related to banking and the common person and use the local media especially newspapers for issuing advertisements on matters such as procedure for opening bank accounts, Reserve Bank instructions relating to priority sector lending etc., in a language easily understood by the common person. The local media should be encouraged to frequently interact with the Financial Literacy Division and its help taken to reach out to the common persons. (Para 5.11)
- 63.** The products and services offered by banks may be appropriately modified to suit the local conditions. The SLBCs can identify such needs and offer solutions or products that could be uniformly adopted by the banks in the region. (Para 5.12)
- 64.** Every quarter, the lead bank may organize an awareness and feedback public meeting in its district. Wide publicity may be given to these meetings so that people's/media representatives, local leaders as also NGOs/ CSOs

working in the district attend these meetings. Such meetings may be chaired by the District Collector or the CEO of Zilla Parishad or any other person considered suitable by the lead bank and should be attended by the Regional Managers/ Controlling Officers of the bank branches and the branch Managers. (Para 5.14)

- 65.**The Reserve Bank LDO may attend these public meetings and give a feedback to the respective Regional Office of the Reserve Bank as also to the Banking Ombudsman in the State on the grievances raised during such meetings and the manner of their resolution. The LDM may invite the Banking Ombudsman (BO) for such meetings who may attend the same at his/her convenience. (Para 5.15 & 5.16)
- 66.**Each lead bank is expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where it has lead responsibility by following the recent guidelines issued by RBI in this regard. Suitable grant may be provided out of the Financial Inclusion Fund (FIF) to set up such centres in districts financially excluded by the Committee on Financial Inclusion (Chairman: Dr. C.Rangarajan, January 2008). Necessary action may be taken by NABARD for drawing up a scheme for this purpose. The State Government machinery may support the efforts made by banks for financial literacy. Towards this, State Government may proactively provide assistance of the government machinery, especially at the grass root level such as schools, panchayats, etc., for this purpose. (Para 5.18)
- 67.**In order to streamline the process under Priority Sector Monitoring and Information System (PSMIS) and avoid duplication of efforts at all levels, there is need for technology upgradation and reducing the burden on LDMs to enable them to devote more time on their core functions. Accordingly, the bank branches would need to report the above returns with account-wise details to their controlling offices/Regional Offices/District Coordinators, instead of the Lead District Managers as at present. The Controlling Offices/Regional Offices/District Coordinators need to be made responsible for consolidating their bank branches' block-wise and district-wise data and furnishing the same to their Zonal Offices/Head Offices as also to the SLBCs/UTLBCs concerned. The SLBC convener banks shall consolidate the information received from the concerned controlling offices of banks, and

generate bank-wise, block-wise, district-wise, sector-wise, activity-wise reports. (Para 6.9)

68. The implementation of the proposed systems may be undertaken phase wise as under:

Short-Term

- Continuation of existing returns till the time the data reporting mechanism of one source and unique target is implemented.
- Implementation of the proposed system of Priority Sector Monitoring and Information System (PSMIS), in place of SAMIS, with the revised Priority Sector Returns (PSR).
- Bringing urban co-operative banks and branches of scheduled commercial banks located in the metropolitan cities under the purview of Lead Bank Scheme, as they are also lending to various priority sectors.
- Setting up of the Central Nodal Agency (CNA) and initiation of steps to set up the Central Data Repository System (CDRS). (Para 6.10 & 6.11)

69. Medium term

- Implementation of CDRS in a phased manner.
- A secured way of capturing the data from the bank branch to a single target using latest IT initiatives, viz., web-based system should be put in place. The centralized database in the prescribed format would then be furnished to their Head Offices and controlling offices/regional offices/district co-ordinators, which will then submit the prescribed returns to RBI, NABARD and SLBC. (Para 6.12)

70. Long-term

In the final phase, CNA should complete implementation of the Centralized Data Repository System (CDRS), which would receive all the data from the base level and store it for effective retrieval in the form of any return and ensure convergence towards the rationalisation of returns, with the scheme of one source and unique target. The branches would submit data in a secured manner, as initiated in the second phase, to the CDRS directly. Integration of the proposed PSMIS (revised SAMIS) reporting system with the banks' internal reporting system may also be ensured to smoothen the reporting

process and avoid any inconsistencies in data. The data from the branches would be located in the CDRS and any user with access rights would be able to extract their required information in the desired format as per his/her requirements. (Para 6.13)

71. The revised SAMIS reporting system may be implemented on a pilot basis in one/two States and thereafter in other States. Indian Banks' Association may devise a software for consolidation and generation of bank-wise, block-wise, district-wise, sector-wise, activity-wise reports by SLBC convenor banks on an urgent basis. (Para 6.14)

72. The implementation of the entire revised reporting system in the country including developing a Centralised Data Repository System in order to avoid inconsistency of data as also duplicity of its inputting, would require systematic planning and co-ordinated efforts of the various agencies. The Committee, therefore, recommends that a small Working Group may be set up by the Reserve Bank of India, with members drawn from NABARD and select major public and private sector banks, to formulate the modalities and work on implementation of the revised framework. (Para 6.15)

Appendix**List of persons the Committee interacted with**

Sr.No.	Name	Designation	Institute/Organisation/ Department
1.	Shri Supratik Chatterjee	CGM	State Bank of Bikaner & Jaipur.
2.	Shri M.M.Sehgal	GM	State Bank of Bikaner & Jaipur.
3.	Shri Atul Chauhan	Deputy Director	DIF-Uttar- Pradesh
4.	Indukumar Pande	Addl.Chief Secy.	Uttaranchal
5.	Shri V.Srinivas	Secy. Planning	Govt. of Rajasthan
6.	Shri H.Drabu	Chairman	Jammu & Kashmir Bank Ltd.
7.	Shri B.M.Mittal	Executive Director	UCO Bank
8.	Shri Anil D.Parulkar	Executive Director	Bank of India
9.	Shri S.C.Gupta	Executive Director	Bank of Baroda
10.	Shri Gautam Kanjilal	CGM	SBI-Delhi
11.	Shri Thresh Kapoor	Chairman	Uttaranchal .Gramin Bank
12.	Shri Gurdial Singh	Chairman	Himachal Gramin .Bank
13.	Shri A.U.Tak	Chairman	E.D.Bank
14.	Ms.Jaspreet Talwar, IAS	Spl.Secy.Instt.Fin.	Govt.of Punjab
15.	Shri V.V.Bhat	Pr.Secy.Finance	Govt.of NCT, Delhi
16.	Shri Alok Kumar Misra	CMD	Oriental Bank of Commerce
17.	Shri K.C.Salota	Chairman	Punjab Gramin Bank
18.	Shri S.K.Chopra	Chairman	Haryana Gramin .Bank
19.	Shri R.C.Oli	Chairman	Chhattisgarh Gramin Bank.
20.	Shri K.Subbaraman	Executive Director	Central Bank of India
21.	Ms.Renu Pillai	Secy., Finance	Govt, of Chhattisgarh
22.	Shri P.K.Srivastava	Chairman	MP Gramin Bank
23.	Shri Vijay Mehta	General Manager	Bank of India
24.	Shri K.J.Taori	General Manager	SBI
25.	Shri J.K.Sinha	CGM	SBI
26.	Shri S.K.Goel	CMD	UCO Bank
27.	Shri A.C.Mahajan	CMD	Allahabad Bank
28.	Shri T.M.Bhasin	Executive Director	United Bank of India
29.	Shri T.K.Mukhopadhyay	Chairman	Vananchal Gramin .Bank
30.	Shri. E.Sivalangam	Chairman	Kalinga Gramin Bank
31.	Shri A.Nanda	Chairman	Bangiya Gramin Vikas Bank.
32.	Shri A.B.Jog	Chairman	Uttar Bihar Kshetriya Gramin Bank
33.	Shri Binod Kumar	DM	Hooghly District.

34.	Shri Samar Ghosh	Pr.Secy. Finance	Govt.of West Bengal
35.	Shri R.Madhok	Executive Director	Bank of Maharashtra , Pune
36.	Shri P.L.Gairola	CMD	Dena Bank, Mumbai
37.	Shri S. P. Nandy	Jt. Secretary Finance	Govt. of Assam
38.	Shri A. K. Jagannathan	CGM (CC)	State Bank of Saurashtra
39.	Shri S.C.Jain	General Manager	Bank of India
40.	Shri A.Kishore	Jt.Secretary	Govt. of Goa
41.	Shri A. Karamchandani	CEO	Monitor Group
42.	Dr. S.S.Johl		
43.	Dr.Y.K.Alagh	Professor	Instt. of Rural Management, Anand
44.	Shri H.N.Sinor	Chief Executive	IBA. Mumbai
45.	Dr.George Mathew	Founder Director	Instt. of Social Science
46.	Shri R. Khasnabis	Professor	University of Calcutta
47.	Dr. B. K. Swain	Professor	NIRD, Hyderabad
48.	Shri M Sriram	Professor	IIM Ahmedabad
49.	Ms. Achla Savyasaachi	Asst. Vice President	Sa-Dhan
50	Shri M. Kalyansundaram	Chief Executive	INFI. Madurai
51.	Shri Chandra Shekhar Ghosh	Founder & Chief Executive	Bandhan Financial Services Pvt. Ltd.
52.	Shri Satyan Mishra	Managing Director	Drishtee.
53.	Shri J S Tomar	Managing Director	CASHPOR
54.	Ms. Jayashree Vyas	Managing Director	Sewa Bank.
55.	Ms. Vijaylakshami Das	Managing Director	Friends of Women's World.
56.	Shri A. Kishore	Joint Secretary	Govt. of Goa
57.	Shri P L Gairola	CMD	Dena Bank
58.	Shri Awadhesh Kumar	AGM	NABARD
59.	Shri Shri Sai Prithvinath	Chairman	Marathwada Gramin Bank
60.	Shri Pravin Kumar, IAS	Spl. Secy. Finance Department	Govt. of Tamil Nadu.
61.	Shri Teeka Ram Meena, IAS	Secy. Planning & Eco. affairs	Govt. of Kerala
62,	Smt. G Jayalakshmi, IAS	District Collector	West Godawari District, AP.
63	Shri S. A. Bhat	CMD	Indian Overseas Bank
64.	Shri M.S. Sundararajan	CMD	Indian Bank
65.	Shri C. P. Swarnkar	CMD	Syndicate Bank
66.	Shri B. Sambamurthy	CMD	Corporation Bank
67.	Shri D. L. Rawal	Executive Director	Canara Bank

68.	Shri Kalyan Mukharjee	Executive Director	Andhra Bank
69.	Shri T Valliappan	Executive Director	Vijaya Bank
70.	Shri P P Pattanayak	Managing Director	State Bank of Mysore
71.	Shri M.Ramasamy	Managing Director	State Bank of Travancore
72.	Shri P.K.Panda	CGM	State Bank of Hyderabad
73.	Shri K.Kamakodi	Executive Director	City Union Bank
74.	Shri P.T.Kuppuswamy	Chairman & CEO	Karur Vysya Bank
75.	Shri E.Sundraraju	Chairman	Pandian Grama Bank Tamil Nadu
76.	Shri T.S.M.Nair	General Manager	South Malabar Grameen Bank Kerala
77.	Shri G.Subramaniam	Chairman	Deccan Grameen Bank Andhra Pradesh
78.	Shri N.Ramesh	Chairman	Pragati Gramin Bank Karnataka
79.	Smt. Devaki Jain	Member	Local Board, RBI
80.	Smt. Laxmi Venkatachalam, IAS	Principal Secretary (Planning)	Govt. of Karnataka
81.	Shri Anis Ansari	Agri.Production Commissioner	Govt.of Uttar Pradesh
82.	Shri Manoj Kumar Singh	Commissioner, Rural Development	Govt.of Uttar Pradesh
83.	Shri Rakesh Krishna	Director, DIF	Govt. of Uttar Pradesh
84.	Shri Shiv Kumar	CGM	SBI, Lucknow
85.	Shri Sukhbir Singh	CGM	NABARD
86.	Shri Ravindra	DM	Barabanki, UP
87.	Shri Ghugre	GM	Union Bank
88.	Shri S.K.Das	Chief Secretary	Govt.of Uttaranchal
89.	Shri I.K.Pandey	Addl.Chief Secy.	Govt.of Uttaranchal
90.	Shri Vivek Kaul	CPMG	India Post, Uttarakhand
91.	Smt. Vibha Das	Commissioner, Forest & Rural Development	Govt.of Uttaranchal
92.	Shri P. K. Gupta	CMD	Union Bank of India
93.	Shri R.Ramakrishna	Secy.Finance	Govt. of Nagaland
94.	Shri Viswanathan	CGM	SBI,LHO
95.	Shri Ajay Tewari	Jt.Secretary	Govt. of Mizoram
96.	Shri F. Vanlal Ruata	Addl. Secretary	Govt. of Mizoram
97.	Shri B. M. Mittal	Executive Director	UCO Bank
98.	Shri Amit Singla	Jt.Secretary- Finance	Govt. of Arunachal Pradesh
99.	Dr. M. Angamuthu	Dy. Commissioner	Karbi-Anglong dist.- Assam
100.	Shri R.D.Yadav	Chairman	Assam Gramin Bank
101.	Shri A K Jain	CGM	NABARD-Guwahati
102.	Shri A. Bhattacharjee	GM	Union Bank of India
103.	Shri T Das	DGM	SBI

104.	Shri S K Mazumdar	DGM	Union Bank Of India, Assam
105.	Shri N K Hazarika	Chairman	LDRB
106.	Shri S. Bhattacharjee	Chairman	Meghalya RB
107.	Shri B. L. Barooah	Chairman	LDRB
108	Shri N. Gangopadhyay	Chairman	Tripura Grameen Bank
109	Shri N. Bhattacharjee	Chairman	Nagaland RB
110	Shri S. K. Saha	Chairman	Manipur RB
111	Shri J. L. Vaikhuma	Chairman	Mizoram RB
112	Shri Satish Kalra	DGM	PNB, ZO, Guwahati
113	Shri N.K. Maini	CGM	SIDBI
114	Shri Ravinder	District Magistrate	Barabanki
115	Shri V.D. Srivastava	Joint Secretary, Co-operatives	Govt. of Uttar Pradesh
116	Shri P.S. Jangpangi	Additional Secretary, Planning	Govt. of Uttarakhand
117	Shri B.V. R.C. Purushttam	CDO. Dehradun	Govt. of Uttarakhand
118	Ms. Sowjanya	CDO, Tehri	Government
119	Ms. Vinita Kumar	Principal Secretary, Welfare	Govt. of Uttaranchal
120	Shri T.M. Singh	Additional Secretary, Finance	Govt. of Uttaranchal
121	Shri A.K. Joti	Principal Secretary, Finance	Govt. of Gujarat
122	Shri D. Rajagopal	Commissioner, Rural Development	Govt. of Gujarat
123	Shri P.C. Parmar	Commissioner & Secretary, Cottage Industries	Govt. of Gujarat
124	Shri R.M. Patel	Principal Secretary, Social Justice & Labour	Govt. of Gujarat
125	Shri Manish Verma	Director, FI and Deputy Secretary	Govt. of Gujarat
126	Shri Vinod Rao	Collector, Patan	Govt. of Gujarat
127	Shri Rajiv Topno	Collector, Baroda	Govt. of Gujarat
128	Shri Dhananjay Dwivedi	Collector, Ahmedabad	Govt. of Gujarat
129	Shri Thennarsan	Collector, Sabarkantha	Govt. of Gujarat
130	Dr. Tara S. Nair	Head, R & I	Friends of Women's Work Banking, Gujarat
131	Shri Mukesh S. Gandhi	Director, Finance	MAS Fin. Services Ltd. , Gujarat
132	Shri Jayendra B. Patel	VC & MD	Arman Lease & Finance Ltd., Gujarat

133	Shri Vijay Purohit	Branch Head,	SEWA, Gujarat
134	Shri Vijay Nepali	Joint. Finance Co-ordinator	BAIF - DHRUVA, Gujarat
135	Shri Dilip Surker	Director,	Vikram Sarabhai Centre for Development, Gujarat
136	Shri Apoorva Oza	CEO	Agakhan Rural Support Programme, Gujarat
137	Shri Kirti Shah	Director	Antyodaya Mahila Sangh, Gujarat
138	Shri D.S. Sutariya	Director	SUPATH, Gujarat

List of Lead Banks

Annex I

Sr. No.	State	No. Of Dist.	District	Lead Bank
1	Andhra Pradesh	22	East Godavari	Andhra Bank
2	Andhra Pradesh	0	West Godavari	Andhra Bank
3	Andhra Pradesh	0	Guntur	Andhra Bank
4	Andhra Pradesh	0	SriKakulam	Andhra Bank
5	Andhra Pradesh	0	Chittoor	Indian Bank
6	Andhra Pradesh	0	Krishna	Indian Bank
7	Andhra Pradesh	0	Anantpur	Syndicate Bank
8	Andhra Pradesh	0	Cuddapah	Syndicate Bank
9	Andhra Pradesh	0	Kurnool	Syndicate Bank
10	Andhra Pradesh	0	Nellore	Syndicate Bank
11	Andhra Pradesh	0	Prakasam	Syndicate Bank
12	Andhra Pradesh	0	Mahbubnagar	State Bank of India
13	Andhra Pradesh	0	Medak	State Bank of India
14	Andhra Pradesh	0	Visakhapatnam	State Bank of India
15	Andhra Pradesh	0	Vizianagaram	State Bank of India
16	Andhra Pradesh	0	Warangal	State Bank of India
17	Andhra Pradesh	0	Adilabad	State Bank of Hyderabad
18	Andhra Pradesh	0	Karimnagar	State Bank of Hyderabad
19	Andhra Pradesh	0	Khammam	State Bank of Hyderabad
20	Andhra Pradesh	0	Nalgonda	State Bank of Hyderabad
21	Andhra Pradesh	0	Nizamabad	State Bank of Hyderabad
22	Andhra Pradesh	0	Ranga Reddy	State Bank of Hyderabad
23	Assam	27	Cachar	United Bank of India
24	Assam	0	Dibrugarh	United Bank of India
25	Assam	0	Jorhat	United Bank of India
26	Assam	0	Karimganj	United Bank of India
27	Assam	0	Lakhimpur	United Bank of India
28	Assam	0	Nagaon	United Bank of India
29	Assam	0	Shibsagar	United Bank of India
30	Assam	0	Golaghat	United Bank of India
31	Assam	0	Hailakandi	United Bank of India
32	Assam	0	Morigaon	United Bank of India
33	Assam	0	Tinsukia	United Bank of India
34	Assam	0	Dhemaji	United Bank of India
35	Assam	0	Barpeta	UCO Bank
36	Assam	0	Darrang	UCO Bank
37	Assam	0	Dhubri	UCO Bank
38	Assam	0	Goalpara	UCO Bank
39	Assam	0	Kamrup	UCO Bank
40	Assam	0	Kokrajhar	UCO Bank
41	Assam	0	Sonitpur	UCO Bank
42	Assam	0	Nalbari	UCO Bank
43	Assam	0	Kamrup	UCO Bank
44	Assam	0	Karbi Anglong	State Bank of India
45	Assam	0	North Cachar Hills	State Bank of India
46	Assam	0	Bongaigaon	State Bank of India
47	Assam	0	Chirang	State Bank of India

48	Assam	0	Baksa	State Bank of India
49	Assam	0	Udalguri	State Bank of India
50	Arunachal Pradesh	16	Dibang Valley	State Bank of India
51	Arunachal Pradesh	0	East Kameng	State Bank of India
52	Arunachal Pradesh	0	West Kameng	State Bank of India
53	Arunachal Pradesh	0	Lohit	State Bank of India
54	Arunachal Pradesh	0	East Siang	State Bank of India
55	Arunachal Pradesh	0	West Siang	State Bank of India
56	Arunachal Pradesh	0	Lower Subansiri	State Bank of India
57	Arunachal Pradesh	0	Upper Subansiri	State Bank of India
58	Arunachal Pradesh	0	Tirap	State Bank of India
59	Arunachal Pradesh	0	Tawang	State Bank of India
60	Arunachal Pradesh	0	Changlang	State Bank of India
61	Arunachal Pradesh	0	Papum Pure	State Bank of India
62	Arunachal Pradesh	0	Upper Siang	State Bank of India
63	Arunachal Pradesh	0	Kurung Kumay	State Bank of India
64	Arunachal Pradesh	0	Lower Dibang Valley	State Bank of India
65	Arunachal Pradesh	0	Anjaw	State Bank of India
66	Bihar	38	Sheohar	Bank of Baroda
67	Bihar	0	Sitamarhi	Bank of Baroda
68	Bihar	0	East Champaran	Central Bank of India
69	Bihar	0	West Champaran	Central Bank of India
70	Bihar	0	Darbhanga	Central Bank of India
71	Bihar	0	Gopalgunj	Central Bank of India
72	Bihar	0	Katihar	Central Bank of India
73	Bihar	0	Madhubani	Central Bank of India
74	Bihar	0	Muzaffarpur	Central Bank of India
75	Bihar	0	Saran	Central Bank of India
76	Bihar	0	Siwan	Central Bank of India
77	Bihar	0	Vaishali	Central Bank of India
78	Bihar	0	Aurangabad	Punjab National Bank
79	Bihar	0	Bhojpur (Arrah)	Punjab National Bank
80	Bihar	0	Gaya	Punjab National Bank
81	Bihar	0	Nalanda	Punjab National Bank
82	Bihar	0	Nawada	Punjab National Bank
83	Bihar	0	Patna	Punjab National Bank
84	Bihar	0	Rohtas (Sasaram)	Punjab National Bank
85	Bihar	0	Jehanabad	Punjab National Bank
86	Bihar	0	Bhabua (Kalmur)	Punjab National Bank
87	Bihar	0	Buxer	Punjab National Bank
88	Bihar	0	Lakhisarai	Punjab National Bank
89	Bihar	0	Arwal	Punjab National Bank
90	Bihar	0	Samastipur	Union Bank of India
91	Bihar	0	Khagaria	Union Bank of India
92	Bihar	0	Begusarai	UCO Bank
93	Bihar	0	Bhagalpur	UCO Bank
94	Bihar	0	Monghyr	UCO Bank
95	Bihar	0	Banka	UCO Bank
96	Bihar	0	Sheikhpura	Canara Bank
97	Bihar	0	Araria	State Bank of India
98	Bihar	0	Jamul	State Bank of India

99	Bihar	0	Kishanganj	State Bank of India
100	Bihar	0	Saharsa	State Bank of India
101	Bihar	0	Supaul	State Bank of India
102	Bihar	0	Purnea	State Bank of India
103	Bihar	0	Madhepura	State Bank of India
104	Chattisgarh	18	Bastar (Jagdalpur)	State Bank of India
105	Chattisgarh	0	Bilaspur	State Bank of India
106	Chattisgarh	0	Champa (Jangjir)	State Bank of India
107	Chattisgarh	0	Dantewada	State Bank of India
108	Chattisgarh	0	Jashpur	State Bank of India
109	Chattisgarh	0	Kanker	State Bank of India
110	Chattisgarh	0	Kawardha	State Bank of India
111	Chattisgarh	0	Korba	State Bank of India
112	Chattisgarh	0	Narayanapur	State Bank of India
113	Chattisgarh	0	Bijapur	State Bank of India
114	Chattisgarh	0	Raigarh	State Bank of India
115	Chattisgarh	0	Dhamtari	Dena Bank
116	Chattisgarh	0	Durg	Dena Bank
117	Chattisgarh	0	Mahasamund	Dena Bank
118	Chattisgarh	0	Raipur	Dena Bank
119	Chattisgarh	0	Rajnandgaon	Dena Bank
120	Chattisgarh	0	Koria	Central Bank of India
121	Chattisgarh	0	Sarguja	Central Bank of India
122	Gujarat	26	Baroda	Bank of Baroda
123	Gujarat	0	Bharuch	Bank of Baroda
124	Gujarat	0	Valsad	Bank of Baroda
125	Gujarat	0	Dangs	Bank of Baroda
126	Gujarat	0	Kairada	Bank of Baroda
127	Gujarat	0	Godhra (Panchmahals)	Bank of Baroda
128	Gujarat	0	Surat	Bank of Baroda
129	Gujarat	0	Tapi	Bank of Baroda
130	Gujarat	0	Anand	Bank of Baroda
131	Gujarat	0	Dahod	Bank of Baroda
132	Gujarat	0	Navsari	Bank of Baroda
133	Gujarat	0	Narmada	Bank of Baroda
134	Gujarat	0	Ahmedabad	Dena Bank
135	Gujarat	0	Banaskantha	Dena Bank
136	Gujarat	0	Gandhinagar	Dena Bank
137	Gujarat	0	Kutch (Bhuj)	Dena Bank
138	Gujarat	0	Mehsana	Dena Bank
139	Gujarat	0	Sabarkantha	Dena Bank
140	Gujarat	0	Patan	Dena Bank
141	Gujarat	0	Amreli	State Bank of Saurashtra *
142	Gujarat	0	Bhavanagar	State Bank of Saurashtra *
143	Gujarat	0	Jamnagar	State Bank of Saurashtra *
144	Gujarat	0	Junagarh	State Bank of Saurashtra *
145	Gujarat	0	Rajkot	State Bank of Saurashtra *
146	Gujarat	0	Surendranagar	State Bank of Saurashtra *
147	Gujarat	0	Porbandar	State Bank of Saurashtra *
148	Goa	2	Goa (North)	State Bank of India
149	Goa	0	Goa (South)	State Bank of India

150	Haryana	21	Ambala	Punjab National Bank
151	Haryana	0	Bhivani	Punjab National Bank
152	Haryana	0	Hissar	Punjab National Bank
153	Haryana	0	Jind	Punjab National Bank
154	Haryana	0	Karnal	Punjab National Bank
155	Haryana	0	Kurukshetra	Punjab National Bank
156	Haryana	0	Rohtak	Punjab National Bank
157	Haryana	0	Sonepat	Punjab National Bank
158	Haryana	0	Sirsa	Punjab National Bank
159	Haryana	0	Yamunanagar	Punjab National Bank
160	Haryana	0	Kaithal	Punjab National Bank
161	Haryana	0	Panipat	Punjab National Bank
162	Haryana	0	Mohindergarh	Punjab National Bank
163	Haryana	0	Rewari	Punjab National Bank
164	Haryana	0	Palwal	Oriental Bank of Commerce
165	Haryana	0	Panchkula	Punjab National Bank
166	Haryana	0	Jhajjar	Punjab National Bank
167	Haryana	0	Fatehabad	Punjab National Bank
168	Haryana	0	Faridabad	Syndicate Bank
169	Haryana	0	Gurgaon	Syndicate Bank
170	Haryana	0	Mewat	Syndicate Bank
171	Himachal Pradesh	12	Hamirpur	Punjab National Bank
172	Himachal Pradesh	0	Kangra (Dharamshala)	Punjab National Bank
173	Himachal Pradesh	0	Kinnaur (Peo)	Punjab National Bank
174	Himachal Pradesh	0	Kullu	Punjab National Bank
175	Himachal Pradesh	0	Mandi	Punjab National Bank
176	Himachal Pradesh	0	Una	Punjab National Bank
177	Himachal Pradesh	0	Bilaspur	UCO Bank
178	Himachal Pradesh	0	Shimla	UCO Bank
179	Himachal Pradesh	0	Sirmaur	UCO Bank
180	Himachal Pradesh	0	Solan	UCO Bank
181	Himachal Pradesh	0	Chamba	State Bank of India
182	Himachal Pradesh	0	Lauhal & Spiti (Kelyong)	State Bank of India
183	Jammu & Kashmir	22	Doda	State Bank of India
184	Jammu & Kashmir	0	Jammu	State Bank of India
185	Jammu & Kashmir	0	Kargil	State Bank of India
186	Jammu & Kashmir	0	Kathua	State Bank of India
187	Jammu & Kashmir	0	Ladakh (Leh)	State Bank of India
188	Jammu & Kashmir	0	Udahpur	State Bank of India
189	Jammu & Kashmir	0	Baramula	J & K Bank Ltd.
190	Jammu & Kashmir	0	Kupwara	J & K Bank Ltd.
191	Jammu & Kashmir	0	Poonchh	J & K Bank Ltd.
192	Jammu & Kashmir	0	Rajauri	J & K Bank Ltd.
193	Jammu & Kashmir	0	Anantnag	J & K Bank Ltd.
194	Jammu & Kashmir	0	Pulwama	J & K Bank Ltd.
195	Jammu & Kashmir	0	Srinagar	J & K Bank Ltd.
196	Jammu & Kashmir	0	Badgam	J & K Bank Ltd.
197	Jammu & Kashmir	0	Ganderbal	J & K Bank Ltd.
198	Jammu & Kashmir	0	Bandipur	J & K Bank Ltd.
199	Jammu & Kashmir	0	Shopian	J & K Bank Ltd.
200	Jammu & Kashmir	0	Kulgam	J & K Bank Ltd.

201	Jammu & Kashmir	0	Samba	State Bank of India
202	Jammu & Kashmir	0	Reasi	State Bank of India
203	Jammu & Kashmir	0	Ramban	State Bank of India
204	Jammu & Kashmir	0	Kishtwar	State Bank of India
205	Jharkhand	24	Dumka	Allahabad Bank
206	Jharkhand	0	Godda	Allahabad Bank
207	Jharkhand	0	Bokaro	Bank of India
208	Jharkhand	0	Giridih	Bank of India
209	Jharkhand	0	Chatra	Bank of India
210	Jharkhand	0	Dhanbad	Bank of India
211	Jharkhand	0	East Singhbhum	Bank of India
212	Jharkhand	0	Gumla	Bank of India
213	Jharkhand	0	Hazaribagh	Bank of India
214	Jharkhand	0	Kodarma	Bank of India
215	Jharkhand	0	Lohardaga	Bank of India
216	Jharkhand	0	Ranchi	Bank of India
217	Jharkhand	0	West Singhbhum	Bank of India
218	Jharkhand	0	Sarai Kela Kharsawan	Bank of India
219	Jharkhand	0	Simdega	Bank of India
220	Jharkhand	0	Ramgarh	Bank of India
221	Jharkhand	0	Khunti	Bank of India
222	Jharkhand	0	Deoghar	State Bank of India
223	Jharkhand	0	Garhwa	State Bank of India
224	Jharkhand	0	Pakur	State Bank of India
225	Jharkhand	0	Palamu	State Bank of India
226	Jharkhand	0	Sahebgunj	State Bank of India
227	Jharkhand	0	Letehar	State Bank of India
228	Jharkhand	0	Jamtara	State Bank of India
229	Karnataka	29	Bangalore (Rural)	Canara Bank
230	Karnataka	0	Chitradurg	Canara Bank
231	Karnataka	0	Hassan	Canara Bank
232	Karnataka	0	Kolar	Canara Bank
233	Karnataka	0	Shimoga	Canara Bank
234	Karnataka	0	Bangalore (Urban)	Canara Bank
235	Karnataka	0	Davangere	Canara Bank
236	Karnataka	0	Chikaballapura	Canara Bank
237	Karnataka	0	Belgaum	Syndicate Bank
238	Karnataka	0	Bellary	Syndicate Bank
239	Karnataka	0	Bijapur	Syndicate Bank
240	Karnataka	0	Dakshin Canara	Syndicate Bank
241	Karnataka	0	Uttar Canara	Syndicate Bank
242	Karnataka	0	Bagalkote	Syndicate Bank
243	Karnataka	0	Udipi	Syndicate Bank
244	Karnataka	0	Bidar	State Bank of India
245	Karnataka	0	Gulbarga	State Bank of India
246	Karnataka	0	Gadag	State Bank of India
247	Karnataka	0	Mysore	State Bank of Mysore
248	Karnataka	0	Tumkar	State Bank of Mysore
249	Karnataka	0	Chamrajanagar	State Bank of Mysore
250	Karnataka	0	Raichur	State Bank of Hyderabad
251	Karnataka	0	Koppal	State Bank of Hyderabad

252	Karnataka	0	Dharwad	Vijaya Bank
253	Karnataka	0	Mandya	Vijaya Bank
254	Karnataka	0	Haveri	Vijaya Bank
255	Karnataka	0	Kodagu	Corporation Bank
256	Karnataka	0	Chikmagalur	Corporation Bank
257	Karnataka	0	Ramanagara	Corporation Bank
258	Kerala	14	Kozikode	Canara Bank
259	Kerala	0	Malapuramam	Canara Bank
260	Kerala	0	Palakkad	Canara Bank
261	Kerala	0	Thirussur	Canara Bank
262	Kerala	0	Wynad (Kalepetta)	Canara Bank
263	Kerala	0	Kollam	Indian Bank
264	Kerala	0	Thiruvananthapuram	Indian Overseas Bank
265	Kerala	0	Kannur	Syndicate Bank
266	Kerala	0	Kasargod	Syndicate Bank
267	Kerala	0	Ernakulam	Union Bank of India
268	Kerala	0	Idukki	Union Bank of India
269	Kerala	0	Alapphuza	State Bank of Travancore
270	Kerala	0	Kottayam	State Bank of Travancore
271	Kerala	0	Pathanamthitta	State Bank of Travancore
272	Madhya Pradesh	50	Satna	Allahabad Bank
273	Madhya Pradesh	0	Jhabua	Bank of Baroda
274	Madhya Pradesh	0	Bhopal	Bank of India
275	Madhya Pradesh	0	Dewas	Bank of India
276	Madhya Pradesh	0	Dhar	Bank of India
277	Madhya Pradesh	0	East Nimar (Khandwa)	Bank of India
278	Madhya Pradesh	0	West Nimar (Khargone)	Bank of India
279	Madhya Pradesh	0	Indore	Bank of India
280	Madhya Pradesh	0	Rajgarh	Bank of India
281	Madhya Pradesh	0	Sihore	Bank of India
282	Madhya Pradesh	0	Shajapur	Bank of India
283	Madhya Pradesh	0	Ujjain	Bank of India
284	Madhya Pradesh	0	Badwani	Bank of India
285	Madhya Pradesh	0	Burhanpur	Bank of India
286	Madhya Pradesh	0	Balaghat	Central Bank of India
287	Madhya Pradesh	0	Betul	Central Bank of India
288	Madhya Pradesh	0	Bhind	Central Bank of India
289	Madhya Pradesh	0	Chhindwara	Central Bank of India
290	Madhya Pradesh	0	Gwalior	Central Bank of India
291	Madhya Pradesh	0	Hoshangabad	Central Bank of India
292	Madhya Pradesh	0	Jabalpur	Central Bank of India
293	Madhya Pradesh	0	Mandla	Central Bank of India
294	Madhya Pradesh	0	Mandasaur	Central Bank of India
295	Madhya Pradesh	0	Morena	Central Bank of India
296	Madhya Pradesh	0	Narasinghpur	Central Bank of India
297	Madhya Pradesh	0	Raisen	Central Bank of India
298	Madhya Pradesh	0	Ratlam	Central Bank of India
299	Madhya Pradesh	0	Sagar	Central Bank of India
300	Madhya Pradesh	0	Seoni	Central Bank of India
301	Madhya Pradesh	0	Shahdol	Central Bank of India
302	Madhya Pradesh	0	Dindori	Central Bank of India

303	Madhya Pradesh	0	Annupur	Central Bank of India
304	Madhya Pradesh	0	Singrauli	Union Bank of India
305	Madhya Pradesh	0	Alirajpur	Bank of Baroda
306	Madhya Pradesh	0	Datia	Punjab National Bank
307	Madhya Pradesh	0	Chhatarpur	State Bank of India
308	Madhya Pradesh	0	Damoh	State Bank of India
309	Madhya Pradesh	0	Panna	State Bank of India
310	Madhya Pradesh	0	Tikamgarh	State Bank of India
311	Madhya Pradesh	0	Katni	State Bank of India
312	Madhya Pradesh	0	Umaria	State Bank of India
313	Madhya Pradesh	0	Harda	State Bank of India
314	Madhya Pradesh	0	Guna	State bank of Indore
315	Madhya Pradesh	0	Shivpuri	State bank of Indore
316	Madhya Pradesh	0	Vidisha	State bank of Indore
317	Madhya Pradesh	0	Sheopur Kala	State bank of Indore
318	Madhya Pradesh	0	Neemuch	State bank of Indore
319	Madhya Pradesh	0	Ashok Nagar	State bank of Indore
320	Madhya Pradesh	0	Rewa	Union Bank of India
321	Madhya Pradesh	0	Sidhi	Union Bank of India
322	Maharashtra	33	Bhandara	Bank of India
323	Maharashtra	0	Chandrapur	Bank of India
324	Maharashtra	0	Gadchiroli	Bank of India
325	Maharashtra	0	Kolhapur	Bank of India
326	Maharashtra	0	Nagpur	Bank of India
327	Maharashtra	0	Raigad	Bank of India
328	Maharashtra	0	Ratnagiri	Bank of India
329	Maharashtra	0	Sangli	Bank of India
330	Maharashtra	0	Solapur	Bank of India
331	Maharashtra	0	Sindhudurg	Bank of India
332	Maharashtra	0	Wardha	Bank of India
333	Maharashtra	0	Gondia	Bank of India
334	Maharashtra	0	Beed	State Bank of India
335	Maharashtra	0	Latur	State Bank of India
336	Maharashtra	0	Nanded	State Bank of India
337	Maharashtra	0	Osmanabad	State Bank of India
338	Maharashtra	0	parbhani	State Bank of India
339	Maharashtra	0	Nandurbar	State Bank of India
340	Maharashtra	0	Washim	State Bank of India
341	Maharashtra	0	Hingoli	State Bank of India
342	Maharashtra	0	Aurangabad	Bank of Maharashtra
343	Maharashtra	0	Jalna	Bank of Maharashtra
344	Maharashtra	0	Nashik	Bank of Maharashtra
345	Maharashtra	0	Pune	Bank of Maharashtra
346	Maharashtra	0	Satara	Bank of Maharashtra
347	Maharashtra	0	Thane	Bank of Maharashtra
348	Maharashtra	0	Ahmednagar	Central Bank of India
349	Maharashtra	0	Akola	Central Bank of India
350	Maharashtra	0	Amravati	Central Bank of India
351	Maharashtra	0	Buldhana	Central Bank of India
352	Maharashtra	0	Dhule	Central Bank of India
353	Maharashtra	0	Jalgaon	Central Bank of India

354	Maharashtra	0	Yeotmal	Central Bank of India
355	Meghalaya	7	East Garo hills	State Bank of India
356	Meghalaya	0	West Garo hills	State Bank of India
357	Meghalaya	0	Jaintia Hills	State Bank of India
358	Meghalaya	0	East Khasi Hills	State Bank of India
359	Meghalaya	0	West Khasi Hills	State Bank of India
360	Meghalaya	0	Ri Bhoi	State Bank of India
361	Meghalaya	0	South Garo Hills	State Bank of India
362	Mizoram	8	Aizawal	State Bank of India
363	Mizoram	0	Chhimituipui Saiha	State Bank of India
364	Mizoram	0	Lunglei	State Bank of India
365	Mizoram	0	Champhai	State Bank of India
366	Mizoram	0	Mamit	State Bank of India
367	Mizoram	0	Kolasib	State Bank of India
368	Mizoram	0	Serchhip	State Bank of India
369	Mizoram	0	Lawngtlai	State Bank of India
370	Manipur	9	Bishenpur	United Bank of India
371	Manipur	0	Imphal (East)	United Bank of India
372	Manipur	0	Ukhrul	United Bank of India
373	Manipur	0	Temenglong	United Bank of India
374	Manipur	0	Senapati	State Bank of India
375	Manipur	0	Churachandpur	State Bank of India
376	Manipur	0	Chandel	State Bank of India
377	Manipur	0	Thoubal	State Bank of India
378	Manipur	0	Imphal (West)	State Bank of India
379	Nagaland	11	Kohima	State Bank of India
380	Nagaland	0	Mokokchung	State Bank of India
381	Nagaland	0	Mon	State Bank of India
382	Nagaland	0	Phek	State Bank of India
383	Nagaland	0	Tuensang	State Bank of India
384	Nagaland	0	Wokha	State Bank of India
385	Nagaland	0	Zunheboto	State Bank of India
386	Nagaland	0	Dimapur	State Bank of India
387	Nagaland	0	Peren	State Bank of India
388	Nagaland	0	Kiphire	State Bank of India
389	Nagaland	0	Long Leng	State Bank of India
390	Orissa	30	Ganjam	Andhra Bank
391	Orissa	0	Gajapati	Andhra Bank
392	Orissa	0	Balasore	UCO Bank
393	Orissa	0	Cuttak	UCO Bank
394	Orissa	0	Dhenkanal	UCO Bank
395	Orissa	0	Puri	UCO Bank
396	Orissa	0	Angul	UCO Bank
397	Orissa	0	Bhadrek	UCO Bank
398	Orissa	0	Jagatsinghpur	UCO Bank
399	Orissa	0	Bolangir	State Bank of India
400	Orissa	0	Bough-Khondmals	State Bank of India
401	Orissa	0	Kalahandi	State Bank of India
402	Orissa	0	Koraput	State Bank of India
403	Orissa	0	Sambalpur	State Bank of India
404	Orissa	0	Sundargarh	State Bank of India

405	Orissa	0	Naurangpur	State Bank of India
406	Orissa	0	Malkangiri	State Bank of India
407	Orissa	0	Rayagada	State Bank of India
408	Orissa	0	Bargah	State Bank of India
409	Orissa	0	Jaipur	State Bank of India
410	Orissa	0	Kendrapada	State Bank of India
411	Orissa	0	Khurda	State Bank of India
412	Orissa	0	Nayagarh	State Bank of India
413	Orissa	0	Nawapara	State Bank of India
414	Orissa	0	Sonepur	State Bank of India
415	Orissa	0	Deogarh	State Bank of India
416	Orissa	0	Boudh	State Bank of India
417	Orissa	0	Jharsuguda	State Bank of India
418	Orissa	0	Keonjhar	Bank of India
419	Orissa	0	Mayurbhanj	Bank of India
420	Punjab	20	Amritsar	Punjab National Bank
421	Punjab	0	Gurdaspur	Punjab National Bank
422	Punjab	0	Hoshiarpur	Punjab National Bank
423	Punjab	0	Kapurthala	Punjab National Bank
424	Punjab	0	Nawanshahr	Punjab National Bank
425	Punjab	0	Sahibzada Ajit Singh Nagar	Punjab National Bank
426	Punjab	0	Taran Taran	Punjab National Bank
427	Punjab	0	Bhatinda	State Bank of Patiala
428	Punjab	0	Patiala	State Bank of Patiala
429	Punjab	0	Sangrur	State Bank of Patiala
430	Punjab	0	Mansa	State Bank of Patiala
431	Punjab	0	Fategarh Saheb	State Bank of Patiala
432	Punjab	0	Muktasar	State Bank of Patiala
433	Punjab	0	Barnala	State Bank of Patiala
434	Punjab	0	Faridkot	Punjab & Sind Bank
435	Punjab	0	Ludhiana	Punjab & Sind Bank
436	Punjab	0	Moga	Punjab & Sind Bank
437	Punjab	0	Jalandhar	UCO Bank
438	Punjab	0	Ropar	UCO Bank
439	Punjab	0	Ferozpur	Oriental Bank of Commerce
440	Rajasthan	33	Ajmer	Bank of Baroda
441	Rajasthan	0	Banswara	Bank of Baroda
442	Rajasthan	0	Bhilwara	Bank of Baroda
443	Rajasthan	0	Bundi	Bank of Baroda
444	Rajasthan	0	Chittorgarh	Bank of Baroda
445	Rajasthan	0	Churu	Bank of Baroda
446	Rajasthan	0	Dungarpur	Bank of Baroda
447	Rajasthan	0	Jhunjhunu	Bank of Baroda
448	Rajasthan	0	Sawai Madhopur	Bank of Baroda
449	Rajasthan	0	Tonk	Bank of Baroda
450	Rajasthan	0	Pratapgarh	Bank of Baroda
451	Rajasthan	0	Kirauli	Bank of Baroda
452	Rajasthan	0	Jhalawar	Central Bank of India
453	Rajasthan	0	Kota	Central Bank of India
454	Rajasthan	0	Baran	Central Bank of India

455	Rajasthan	0	Barmer	State Bank of Bikaner & Jaipur
456	Rajasthan	0	Bikaner	State Bank of Bikaner & Jaipur
457	Rajasthan	0	Jaisalmer	State Bank of Bikaner & Jaipur
458	Rajasthan	0	Jalore	State Bank of Bikaner & Jaipur
459	Rajasthan	0	Pali	State Bank of Bikaner & Jaipur
460	Rajasthan	0	Sirohi	State Bank of Bikaner & Jaipur
461	Rajasthan	0	Udaipur	State Bank of Bikaner & Jaipur
462	Rajasthan	0	Rajsamund	State Bank of Bikaner & Jaipur
463	Rajasthan	0	Hanumangarh	State Bank of Bikaner & Jaipur
464	Rajasthan	0	Bharatpur	Punjab National Bank
465	Rajasthan	0	Dholpur	Punjab National Bank
466	Rajasthan	0	Sikar	Punjab National Bank
467	Rajasthan	0	Alwar	Punjab National Bank
468	Rajasthan	0	Jaipur	UCO Bank
469	Rajasthan	0	Jodhpur	UCO Bank
470	Rajasthan	0	Nagaur	UCO Bank
471	Rajasthan	0	Dausa	UCO Bank
472	Rajasthan	0	Sriganganagar	Oriental Bank of Commerce
473	Sikkim	4	Sikkim East	State Bank of India
474	Sikkim	0	Sikkim West	State Bank of India
475	Sikkim	0	Sikkim North	State Bank of India
476	Sikkim	0	Sikkim South	State Bank of India
477	Tamil Nadu	30	Dindigul	Canara Bank
478	Tamil Nadu	0	Coimbatore	Canara Bank
479	Tamil Nadu	0	Madurai	Canara Bank
480	Tamil Nadu	0	Nilgiris (Ooty)	Canara Bank
481	Tamil Nadu	0	Erode	Canara Bank
482	Tamil Nadu	0	Theni	Canara Bank
483	Tamil Nadu	0	Kanchipuram	Indian Bank
484	Tamil Nadu	0	Dharmapuri	Indian Bank
485	Tamil Nadu	0	Vellore	Indian Bank
486	Tamil Nadu	0	Cuddalore	Indian Bank
487	Tamil Nadu	0	Salem	Indian Bank
488	Tamil Nadu	0	Thiruvannmalai	Indian Bank
489	Tamil Nadu	0	Villupuram	Indian Bank
490	Tamil Nadu	0	Namakkal	Indian Bank
491	Tamil Nadu	0	Thiruvallur	Indian Bank
492	Tamil Nadu	0	Krishnagiri	Indian Bank
493	Tamil Nadu	0	Tuticorin	State Bank of India
494	Tamil Nadu	0	Ariyalur	State Bank of India
495	Tamil Nadu	0	Kanyakumari	Indian Overseas Bank
496	Tamil Nadu	0	Virudhunagar	Indian Overseas Bank
497	Tamil Nadu	0	Sivaganga	Indian Overseas Bank
498	Tamil Nadu	0	Pudukottai	Indian Overseas Bank
499	Tamil Nadu	0	Ramanathapuram	Indian Overseas Bank
500	Tamil Nadu	0	Thanjavur	Indian Overseas Bank
501	Tamil Nadu	0	Tiruchirapalli	Indian Overseas Bank
502	Tamil Nadu	0	Tirunelveli	Indian Overseas Bank
503	Tamil Nadu	0	Nagapattinam	Indian Overseas Bank
504	Tamil Nadu	0	Karur	Indian Overseas Bank
505	Tamil Nadu	0	Perambur	Indian Overseas Bank

506	Tamil Nadu	0	Thiruvavarur	Indian Overseas Bank
507	Tripura	4	North Tripura	United Bank of India
508	Tripura	0	South Tripura	United Bank of India
509	Tripura	0	West Tripura	United Bank of India
510	Tripura	0	Dhalai	United Bank of India
511	Uttar Pradesh	71	Banda	Allahabad Bank
512	Uttar Pradesh	0	Bahraich	Allahabad Bank
513	Uttar Pradesh	0	Gonda	Allahabad Bank
514	Uttar Pradesh	0	Hamirpur	Allahabad Bank
515	Uttar Pradesh	0	Jalaun	Allahabad Bank
516	Uttar Pradesh	0	Lakhimpur-Kheri	Allahabad Bank
517	Uttar Pradesh	0	Mirzapur	Allahabad Bank
518	Uttar Pradesh	0	Sitapur	Allahabad Bank
519	Uttar Pradesh	0	Sonbhadra	Allahabad Bank
520	Uttar Pradesh	0	Mahoba	Allahabad Bank
521	Uttar Pradesh	0	Balrampur	Allahabad Bank
522	Uttar Pradesh	0	Shravasti	Allahabad Bank
523	Uttar Pradesh	0	Chhtrapati Sahuji Maharaj Nagar (Chitrakoot)	Allahabad Bank
524	Uttar Pradesh	0	Barabanki	Bank of India
525	Uttar Pradesh	0	Farukhabad	Bank of India
526	Uttar Pradesh	0	Hardoi	Bank of India
527	Uttar Pradesh	0	Lucknow	Bank of India
528	Uttar Pradesh	0	Mainpuri	Bank of India
529	Uttar Pradesh	0	Unnao	Bank of India
530	Uttar Pradesh	0	Kannauj	Bank of India
531	Uttar Pradesh	0	Agra	Canara Bank
532	Uttar Pradesh	0	Aligarh	Canara Bank
533	Uttar Pradesh	0	Etah	Canara Bank
534	Uttar Pradesh	0	Mahamaya Nagar (Hathras)	Canara Bank
535	Uttar Pradesh	0	Ballia	Central Bank of India
536	Uttar Pradesh	0	Deoria	Central Bank of India
537	Uttar Pradesh	0	Etawah	Central Bank of India
538	Uttar Pradesh	0	Kushi Nagar (Padrauna)	Central Bank of India
539	Uttar Pradesh	0	Auraiya	Central Bank of India
540	Uttar Pradesh	0	Allahabad	Bank of Baroda
541	Uttar Pradesh	0	Bareilly	Bank of Baroda
542	Uttar Pradesh	0	Faizabad	Bank of Baroda
543	Uttar Pradesh	0	Fatehpur	Bank of Baroda
544	Uttar Pradesh	0	Kanpur (Rural)	Bank of Baroda
545	Uttar Pradesh	0	Kanpur (Urban)	Bank of Baroda
546	Uttar Pradesh	0	Pilibhit	Bank of Baroda
547	Uttar Pradesh	0	Pratapgarh	Bank of Baroda
548	Uttar Pradesh	0	Rai Bareli	Bank of Baroda
549	Uttar Pradesh	0	Rampur	Bank of Baroda
550	Uttar Pradesh	0	Shahjahanpur	Bank of Baroda
551	Uttar Pradesh	0	Sultanpur	Bank of Baroda
552	Uttar Pradesh	0	Kaushambi	Bank of Baroda
553	Uttar Pradesh	0	Ambedkar Nagar	Bank of Baroda
554	Uttar Pradesh	0	Bijnaur	Punjab National Bank

555	Uttar Pradesh	0	Badaun	Punjab National Bank
556	Uttar Pradesh	0	Bulandshahar	Punjab National Bank
557	Uttar Pradesh	0	Jhansi	Punjab National Bank
558	Uttar Pradesh	0	Lalitpur	Punjab National Bank
559	Uttar Pradesh	0	Muzaffarnagar	Punjab National Bank
560	Uttar Pradesh	0	Saharanpur	Punjab National Bank
561	Uttar Pradesh	0	Ghaziabad	Syndicate Bank
562	Uttar Pradesh	0	Mathura	Syndicate Bank
563	Uttar Pradesh	0	Meerut	Syndicate Bank
564	Uttar Pradesh	0	Moradabad	Syndicate Bank
565	Uttar Pradesh	0	Jyotiba Phule Nagar	Syndicate Bank
566	Uttar Pradesh	0	Gautam Buddha Nagar	Syndicate Bank
567	Uttar Pradesh	0	Bagpat	Syndicate Bank
568	Uttar Pradesh	0	Kansiram Nagar	Canara Bank
569	Uttar Pradesh	0	Azamgarh	Union Bank of India
570	Uttar Pradesh	0	Ghazipur	Union Bank of India
571	Uttar Pradesh	0	Jaunpur	Union Bank of India
572	Uttar Pradesh	0	Varanasi	Union Bank of India
573	Uttar Pradesh	0	Mau (Mau Nath ahnjan)	Union Bank of India
574	Uttar Pradesh	0	Sant Raidas Nagar (Bhadohi)	Union Bank of India
575	Uttar Pradesh	0	Chandauli	Union Bank of India
576	Uttar Pradesh	0	Basti	State Bank of India
577	Uttar Pradesh	0	Gorakhpur	State Bank of India
578	Uttar Pradesh	0	Siddharth nagar	State Bank of India
579	Uttar Pradesh	0	Firozabad	State Bank of India
580	Uttar Pradesh	0	Maharajganj	State Bank of India
581	Uttar Pradesh	0	Sant Kabir Nagar	State Bank of India
582	Uttaranchal	13	Almora	State Bank of India
583	Uttaranchal	0	Bageshwar	State Bank of India
584	Uttaranchal	0	Chamoli	State Bank of India
585	Uttaranchal	0	Champawat	State Bank of India
586	Uttaranchal	0	Pithoragarh	State Bank of India
587	Uttaranchal	0	Rudraprayag	State Bank of India
588	Uttaranchal	0	Tehri Garhwal (New Tehri)	State Bank of India
589	Uttaranchal	0	Uttar Kashi	State Bank of India
590	Uttaranchal	0	Pauri Garwal	State Bank of India
591	Uttaranchal	0	Nainital	Bank of Baroda
592	Uttaranchal	0	Udhamsingh Nagar	Bank of Baroda
593	Uttaranchal	0	Dehradun	Punjab National Bank
594	Uttaranchal	0	Hardwar	Punjab National Bank
595	West Bengal	18	Cooch Behar	Central Bank of India
596	West Bengal	0	Darjeeling	Central Bank of India
597	West Bengal	0	Jalpaiguri	Central Bank of India
598	West Bengal	0	Birbhum	UCO Bank
599	West Bengal	0	Burdwan	UCO Bank
600	West Bengal	0	Hoogly	UCO Bank
601	West Bengal	0	Howrah	UCO Bank
602	West Bengal	0	Bankura	United Bank of India
603	West Bengal	0	Malda	United Bank of India
604	West Bengal	0	Pashchim Medinapur	United Bank of India

605	West Bengal	0	Prurba Medinapur	United Bank of India
606	West Bengal	0	Murshidabad	United Bank of India
607	West Bengal	0	Nadia	United Bank of India
608	West Bengal	0	Purulia	United Bank of India
609	West Bengal	0	24-Parganas (South)	United Bank of India
610	West Bengal	0	Uttar Dinajpur	United Bank of India
611	West Bengal	0	Dakshin Dinajpur	United Bank of India
612	West Bengal	0	24-Parganas (North)	Allahabad Bank
613	Daman	1	Daman	State Bank of India
614	A & N Islands	3	South Andaman	State Bank of India
615	A & N Islands	0	North& Middle Andaman	State Bank of India
616	A & N Islands	0	Nicobar Islands	State Bank of India
617	Delhi	1	Delhi (Rural)	State Bank of India
618	Dadra & Nagar Haveli	1	Dadra & Nagar Haveli	Dena Bank
619	Lakshdweep	1	Lakshdweep	Syndicate Bank
620	Puducherry	1	Pondicherry	Indian Bank
621	Diu	1	Diu	State Bank of Saurashtra *
622	Chandigarh	1	Chandigarh (Rural)	Punjab National Bank

* State Bank of Saurashtra since merged with State Bank of India

State Wise - Performance of Govt.Sp.Schemes vis-à-vis Priority Sector Credit																		Annex II		IIX	
(Amount Rs. in Lakhs)																					
Name of States	SJSRY-MAR 2008		SLRS-March-08		SGSY- March -08		PMRY-March-08		Total Credit disbursed under Govt. schemes		Total Priority Sec. Advances.		%Credit to Govt. schms vis-à-vis priority sector		Total Credit disbursed to w		%Credit to Govt. schms vis-à-vis credit to Weaker				
Name of the State/ Union Territories	Total Loans disbursed		Total Loans disbursed		Total Loans disbursed		Total Loans disbursed		No.	Amt.	No.	Amt.	No	Amt.	No	Amt.	No	Amt.			
	No of A/c	Amt.	No of A/c	Amt.	No of A/c	Amt.	No of A/c	Amt													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19		
NORTHERN REGION																					
Haryana	1574	670.46	78	14.35	10554	2019.65	11632	8021.11	23838	10725.57	894798	2487700.28	2.664	0.4311	411557	427013.7	5.79%	2.51%			
Himachal Pradesh	169	74.58	65	18.51	3491	660.73	2594	2416.22	6319	3170.04	302241	442643.25	2.091	0.7162	170517	125636.5	3.71%	2.52%			
Jammu & Kashmir	765	465.53	0	0.00	4405	1423.87	551	578.96	5721	2468.36	235848	567799.33	2.426	0.4347	121347	103190.1	4.71%	2.39%			
Punjab	181	89.27	14	3.31	7316	1282.33	7556	6005.46	15067	7380.37	1313612	3615840.51	1.147	0.2041	582263	673470.6	2.59%	1.10%			
Rajasthan	7186	1998.88	441	98.65	31895	5529.38	15380	9730.49	54902	17357.4	1935026	3164479.33	2.837	0.5485	1059600	652898	5.18%	2.66%			
Chandigarh	131	56.30	1	0.33	308	55.20	248	197.56	688	309.39	62316	795560.3	1.104	0.0389	23254	136150.5	2.96%	0.23%			
Delhi	324	109.94	20	5.20	0	0.00	662	561.03	1006	676.17	355183	5719133.03	0.283	0.0118	20993	95874.65	4.79%	0.71%			
NORTH EASTERN REG																					
Assam	591	299.75	0	0	45332	1956.97	4204	4012.33	50127	6269.05	516721	508754.76	9.701	1.2322	318795	126609.7	15.72%	4.95%			
Manipur	0	0.00	0	0	4189	81.22	199	139.71	4388	220.93	35658	39175.41	12.31	0.564	21551	17216.94	20.36%	1.28%			
Meghalaya	78	45.21	0	0	912	21.23	345	280.39	1335	346.83	63155	53643.37	2.114	0.6465	31885	23564.15	4.19%	1.47%			
Nagaland	152	65.84	0	0	4141	24.25	1193	2286.18	5486	2376.27	29149	33659.53	18.82	7.0597	23039	15786.03	23.81%	15.05%			
Tripura	238	105.16	0	0	5834	505.32	2252	1939.42	8324	2549.9	94057	72244.62	8.85	3.5295	44443	19016.84	18.73%	13.41%			
Arunachal Pradesh	65	34.00	0	0	6454	69.56	171	264.3	6690	367.86	14259	22525.28	46.92	1.6331	10322	7319	64.81%	5.03%			
Mizoram	32	13.30	0	0	924	19.50	646	541.9	1602	574.7	14536	35093.41	11.02	1.6376	6374	9275.98	25.13%	6.20%			
Sikkim	78	34.43	0	0	5335	142.16	36	33.52	5449	210.11	35299	47957.09	15.44	0.4381	27592	17273.29	19.75%	1.22%			
EASTERN REGION																					
Bihar	1010	341.02	19	6.25	94126	9043.88	7550	7974.48	102705	17365.63	1631264	1035082.03	6.296	1.6777	913842	327949.8	11.24%	5.30%			
Jharkhand	495	188.44	4	0.50	63135	6243.92	5062	5206.08	68696	11638.94	673781	594442.39	10.2	1.958	541219	195314.9	12.69%	5.96%			
Orissa	3227	956.71	815	164.21	64453	11508.78	9333	8529.44	77828	21159.14	1498796	1398610.63	5.193	1.5129	772925	404465.4	10.07%	5.23%			
West Bengal	3569	915.17	110	16.57	215318	6552.16	8448	7732.96	227445	15216.86	2131633	4310012.25	10.67	0.3531	885859	574308.6	25.68%	2.65%			
Andaman & Nicobar	30	14.62	0	0.00	83	16.73	226	193.48	339	224.83	8927	17247.89	3.797	1.3035	6489	5459.82	5.22%	4.12%			
CENTRAL REGION																					
Chhatisgarh	1748	639.73	19	4.25	20736	4477.05	5744	4235.08	28247	9356.11	439402	710356.13	6.429	1.3171	239983	145227.8	11.77%	6.44%			
Madhya Pradesh	6907	2640.13	618	186.84	48256	7393.96	20738	12921.5	76519	23142.43	2043277	2810715.35	3.745	0.8234	931036	710767.9	8.22%	3.26%			
Uttaranchal	1151	539.12	106	28.96	11745	1672.89	7160	6412.4	20162	8653.37	443295	569855.5	4.548	1.5185	218924	147021.7	9.21%	5.89%			
Uttar Pradesh	13308	5566.64	1531	347.98	306091	25442.40	42315	40257.03	363245	71614.05	5306433	5606045.29	6.845	1.2774	2848175	1442293	12.75%	4.97%			
WESTERN REGION																					
Gujarat	6410	1208.07	1006	200.51	27861	3708.94	10487	5344.55	45764	10462.07	1773401	4005255.74	2.581	0.2612	781198	511499.3	5.86%	2.05%			
Maharashtra	3478	1651.53	528	155.68	99470	8708.37	20036	14394.26	123512	24909.84	3474396	17483171.34	3.555	0.1425	1296373	976743.2	9.53%	2.55%			
Daman & Diu	0	0.00	0	0.00	3	0.60	2	2.00	5	2.6	931	5785.63	0.537	0.0449	79	44.22	6.33%	5.88%			
Goa	34	13.17	0	0.00	919	117.43	72	57.37	1025	187.97	65261	193551.26	1.571	0.0971	20980	24132.54	4.89%	0.78%			
Dadra & N.Haveli	0	0.00	0	0.00	104	8.88	10	8.5	114	17.38	2347	8037.28	4.857	0.2162	1052	439.69	10.84%	3.95%			
SOUTHERN REGION																					
Andhra Pradesh	5502	2092.35	36	15.38	69076	7307.83	14784	9512.07	89398	18927.63	6925857	7066893.33	1.291	0.2678	3952401	1621962	2.26%	1.17%			
Karnataka	2542	962.22	110	22.35	32022	3777.10	17409	12211.99	52083	16973.66	3293599	6325217.15	1.581	0.2683	1612823	1025175	3.23%	1.66%			
Kerala	1767	611.54	68	23.75	24599	3059.10	20723	12728.92	47157	16423.31	2935695	3849033.71	1.606	0.4267	1201443	633957.4	3.93%	2.59%			
Tamil Nadu	4387	1267.04	420	115.82	221501	14163.33	24071	12528.16	250379	28074.35	6928086	8766286.81	3.614	0.3203	3588567	1671862	6.98%	1.68%			
Lakshadweep	0	0.00	0	0.00	111	27.30	0	0	111	27.3	99572	113484.82	0.111	0.0241	33556	16568.22	0.33%	0.16%			
Pondichery	213	50.23	0	0.00	2529	262.60	362	163.47	3104	476.3	2562	2008.56	121.2	23.714	6891	3734.16	45.04%	12.76%			
NOT SPECIFIED							1120	1600.39	1120	1600.39											
ALL INDIA	67342	23720.38	6009	1429.40	1433228	127284.62	263321	199022.71	1769900	351457.11	45580373	82477302.59	3.883	0.4261	2.3E+07	12889222	7.79%	2.73%			

	commission and annual fee.	Cumulative position at end of the quarter								
5	Number of SHGs/ MFIs promoted by SIDBI	Position as on July 31, 2006								
		Additions during the quarter								
		Cumulative position at end of the quarter								
6	Number of counseling centers opened by SIDBI	Position as on July 31, 2006								
		Additions during the quarter								
		Cumulative position at end of the quarter								

