



UNITED BANK OF INDIA : CONVENER OF SLBC, WEST BENGAL

Ref No : SLBC-WB/Minutes/SHG/ 622 /2019

Date : 25-11-2019

All Member Banks under SLBC, West Bengal

Re : Minutes of the SLBC Sub-Committee for SHG meeting dated 22-11-2019

The Sub-Committee meeting pertaining to performance review for the quarter ending Sept,2019 held on 22-11-2019 was attended by Ms C D Lama,SMD & CEO WBSRLM, Mr D Sarkar, Secretary, SHG & SE Deptt, Mr M Dhar, Advisor, Institutional Finance, Ms.K Sharma ,Addl Mission Director, WBNULM, Mr P Chakraborty, AGM, RBI and Mr B Sinha, DGM, NABARD among others. In addition to the 10 permanent member banks the meeting was attended by 22 banks participating in DAY-NRLM & DAY-NULM .

Opening the discussion, Mr M R Ray, GM & Convener of SLBC observed that banks have been able to improve upon the June,2019 performance and have sanctioned 295051 loans (51%) against the yearly target of 578652 . However the disbursement stood at only 28% of the target and opined that the member banks will be able to ensure full disbursement of the sanctioned limit in the remaining days of the financial year.

Mr D Sarkar while discussing the Action Points that emerged in the special meeting of the Sub Committee on 24-10-2019, commented that the performance in disbursement has remained low on date with select banks like SBI, Corporation Bank, IDBI,RRBs showing improvement and exhorted the others to follow suit. He also observed that banks are also charging interest rate at higher levels in many cases because of which the SHG are not being able to enjoy the full benefit of interest subsidy scheme as provided by GoWB. WBSCBL has been advised to revisit the ROI while other banks are also to scrutinize their SHG loan portfolio.

(Action Point 1. SBSCBL & other Banks)

Regarding SVSKP scheme, Mr Sarkar informed the House that modification has been made in quantum of the Subsidy amount .While no changes has been made for projects upto Rupees One lakh , there will be different slabs of subsidy at reduced rates for the loans with project cost beyond Rupees One lakh. He requested the member banks to scrutinize their position regarding the pending proposals where sanction has not been accorded as yet. These loan proposals beyond Rupees One lakh project cost may be returned to the sponsoring agencies with a request to re-sponsor them with modified project cost and corresponding new subsidy amount. The Nodal Officers of the member banks are to advise the branches accordingly.

(Action Point 2. Member Bank)

Anchoring the discussion on SHG loans ,Ms Lama also highlighted the gap between the sanction & disbursed amount which has reached almost Rs.4000 crore. She requested the banks to allow the SHGs to fully utilize the limit and not to insist on maintaining balances in deposit accounts. Besides increasing the money supply position it will also strengthen the SHG movement. Mr. M Dhar also commented that this will also result in increase of the CD Ratio of the banks.

(Action Point 3. Member Bank)

Citing the example of Dakshin Dinajpur district where Community Based Recovery Meetings are held on 7th of each months, it is decided that all the districts will follow a fixed date norm which will ensure regular participation of banks and other stakeholders.LDMs will fix the date in consultation with authorities and inform DCC also.

(Action Point 4.LDMs)



Ms Lama brought up the issue regarding non-sanction of loans both CC & TL with limits of Rs.1.50 lakh & thereafter at Rs.2.50 lakh & Rs.3.50 lakh on subsequent grading by some of the banks on the ground that it contravenes the RBI guidelines on quantum of the loan. It was informed to the House that the decision in this regard was taken at the SLBC forum (Ref: LBD/SLBC (WB)/DAY-NRLM/1488/2017 dated 01-11-2017) by the stakeholders after due consideration of the main criterion involving the Corpus Amount.

The latest RBI Master Direction FIDD.GSSD.CO.BC.No.02/09.01.01/2019-20 dated 01-07-2019 also stipulates that "Drawing Power for the 1st year will be 6 times of the existing corpus or minimum of Rs.1 lakh whichever is Higher". With the inclusion of the RF of Rs.10000/- along with the additional grant of Rs.5000/- for all SHGs under Jago scheme of GoWB to the mentioned qualifying deposits/interests it is obvious that the Corpus will be in excess of Rs.25000/-, required for sanction of loan of Rs.1.50 lakh (minimum). Similarly, in the 2nd year, the limit / DP can be fixed at 8 times of the existing corpus or minimum Rs. 2.00 lakh whichever is higher. With a corpus of Rs. 31250/- or more with support under Jago, a limit of Rs. 2.50 lakh in the 2nd year can be sanctioned in terms of the SLBC decision dated 01.11.2017. Further the master circular envisages fixation of limit in 3rd and 4th year onwards by a minimum of Rs. 3.00 lakh & Rs. 5.00 lakh respectively depending upon the Micro Credit Plan of the SHGs. Thus a sum of Rs. 3.50 Lakh in the 3rd year as decided by the SLBC dated 01.11.2017 can be provided per SHGs without following the corpus norms but subject to alignment with the Micro Credit Plan. With West Bengal at the forefront of the SHG movement with a very low level of NPA (below 2%), the House advises all the banks to follow the directive of the SLBC which is in line with the RBI direction. (Action Point 5. All the Member Banks)

It was informed to the House that while 37% beneficiaries have been covered for Interest Subsidy under NULM, more than 5000 loan proposals sponsored to the branches are yet to be sanctioned. It was informed that another lot of 5000 odd proposals are being generated by the ULBs and will be shortly sponsored to the banks.

The House expressed concern at the non-disposal of the NULM proposals and directed that NULM program with limited operation in urban areas should be accorded same priority by the banks at par with NRLM. The Banks should act urgently on the list of pending proposals shared by the Department and arrange for disposal followed by disbursement by March, 20 positively. (Action Point 6. Member Banks)

The banks are to also ensure that Interest Subsidy in all disbursed loans is claimed within Dec,19 through PAiSA portal. Similarly it was also advised that all the banks should claim the State Govt Interest Subsidy portion under WBSSKP by lodging claim upto Sep,19 within Dec,19. (Action Point 7. Member Banks)

It was also advised that all the member banks must attend the monthly Task Force Committee meetings held by ULBs to sort out the issues, if any. BGVB informed that some SHGs controlled by NGOs are not yet brought under NULM. It was reiterated that Individual members of SHGs are not required to open/maintain accounts individually. RBI & NABARD also stressed on proper activity based classification for the SHGs so that disaggregated MIS data can be corrected generated for formulating strategy.

The meeting ended with vote of thanks to the dignitaries and the participants.


General Manager
Prisec-Agri & Convener of SLBC.

