

**Meeting of the Minister of State for Finance (EB&I), Shri Anand Rao Adsul
with CEOs of Public Sector Banks on October 6, 2003 in Mumbai**

RPCD.SP.BC. 47 /09.01.01/2003-04

November 18, 2003

The Chairman and Managing Director
All Scheduled Commercial Banks
(Except RRBs)

Dear Sir,

**Meeting of the Minister of State for Finance (EB&I), Shri Anand Rao Adsul
with CEOs of Public Sector Banks on October 6, 2003 in Mumbai**

A meeting of Chief Executives of Public Sector Banks was convened in Mumbai by Minister of State for Finance, Shri Anand Rao Adsul at the instance of Hon'ble Minister for Rural Development and as per the direction from the Finance Minister to discuss about the matters relating to financing under SGSY. During the meeting, MOS (EB&I) expressed concern over the poor performance of the banks in implementation of the scheme particularly in the North India. The following action points were decided during the meeting.

(i). There is need to advise the middle and lower level functionaries in the banks to give extra attention for proper implementation of the scheme. The fora like SLBCs and DLRCs, where people's representatives take part, should be used for effectively monitoring the performance of the scheme. The other issues raised during the meeting are indicated below.

1. Delay in opening of bank accounts
2. Pendency of loan applications
3. Under-financing of the beneficiaries
4. Delay in receipt of subsidy under the Scheme.
5. Complex documentation process, which resulted in tardy implementation of the Scheme.
6. Bunching of applications and their submission at the last quarter of the financial year.
7. Gap in sanction and disbursement of loans
8. Charging of high interest rates by the banks, which are not in tune with the declining trend of rate of interest in the economy.
9. Problems in marketing the produce by the beneficiaries and infrastructure deficiencies

A reference is also invited to the minutes of the meeting circulated by Ministry of Finance vide their letter F.N. 3-46/2003-AC dated October 24, 2003 addressed to the Chief Executives of Public Sector Banks.

In this connection we reiterate our instructions issued vide our circulars RPCD SP.BC.06/09.01.01/2003-04 dated July 4, 2003, RPCD SP.BC.68/09.01.01/2002-03 dated January 29, 2003 that banks should dispose of the applications within the prescribed time limit of 15 days, that there is no inordinate delay/ gap between sanction and disbursement of loans under the scheme and to ensure that instructions issued by us percolate to the field level functionaries/ bank branches. Further, banks are advised to ensure simplification of documentation.

2. It is reiterated that a greater co-ordination of work at the block level between bankers and Government functionaries is called for to avoid pendency of loan applications and avoid under-financing under any circumstance as stipulated in our circular RPCD SP.BC.113/09.01.01/2002-03 dated July 4, 2002. As advised earlier banks should emphasise the need for conducting sensitisation programmes for bankers as well as for block level officers, involved in the implementation of the scheme, for improving their performance under the scheme. You may advise your branches/controlling offices that middle and lower level functionaries pay extra attention for proper implementation of the scheme and that there is no delay in opening the accounts of the beneficiaries.

3. Chief Executives/Managing Directors of the banks are advised to monitor the scheme at their level to achieve the targets set under the scheme and take active role in implementation of the scheme keeping in view the importance attached to it by the Central and State Governments.

Please acknowledge the receipt.

Yours faithfully,

Sd/-

(Varughese John)

Chief General Manager