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GOVERNMENT OF INDIA

**FM TO MEET CEOs OF PSBs AND FIs TO REVIEW THEIR ANNUAL
PERFORMANCE INCLUDING FLOW OF AGRICULTURE CREDIT, MSMEs CREDIT,
DISBURSEMENT OF HOUSING AND EDUCATIONAL LOANS;
INFRASTRUCTURE LENDING AND FINANCIAL INCLUSION HIGH ON AGENDA**

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Union Finance Minister Shri Pranab Mukherjee will meet with the Chief Executive Officers of Public Sector Banks (PSBs) and Financial Institutions tomorrow in the national capital. During the meeting, the Finance Minister will do the annual review of Public Sector Banks' performance in different sectors including flow of agriculture credit, Micro, Small and Medium Enterprises (MSMEs) credit, disbursement of housing loans and education loans among others. The Government had set a target of Rs. 4,75,000 crore for agriculture credit for 2011-12 as against the target of Rs.3,75,000 crore during 2010-11. The achievement during 2010-11 was of Rs.4,46,778.98 crore, thus exceeding the target by Rs.71,7778.98 crore i.e. 19% above the target. During this period, 5.50 crore farm loan accounts were financed which is an increase of 14.11% in number of farm accounts and 16.19% in the amount of loan disbursed.

As far as the Kisan Credit Card (KCC) Scheme is concerned which was first introduced in 1998-99, the banking system has issued 9.81 crore such cards as on 31st December, 2010 since its inception as per report received from NABARD in this regard. The Finance Minister Shri Mukherjee had, after reviewing the performance of the KCC Scheme in the Zonal Review meetings with the State Chief Ministers and CEOs of Public Sector Banks in 2010-11, directed banks to increase the coverage under KCC by 20% in number and 20% in amount during the financial year 2010-11.

As far as credit flow to MSEs sector is concerned, the same has increased over a period of time. However, subsequent to the review meeting held in April 2011, SIDBI was directed to draw up an action plan to ensure effective implementation of the scheme. RBI had announced certain enabling measures to augment credit flows to MSEs sector such as allocation of 60% of MSEs advances to the micro enterprises to be achieved in different stages viz., 50% in 2010-11, 55% in 2011-12 and 60% in 2012-13. Banks were mandated to achieve a 10% annual growth in the MSE account and 20% year on year growth in the credit to MSE sector.

As far as educational loan scheme is concerned, Indian Bankers' Association (IBA) has prepared a model educational loan scheme in the year 2001 which was circulated to banks for implementation by RBI in April 2001. The scheme was subsequently modified in 2004 and the guidelines for the revised model educational loan scheme were issued in August 2004 by the IBA. Based on the recommendations of a working group and suggestions of the Government, the scheme was again modified in 2007-08. Under the present model education loan scheme, there is a maximum limit for education loan of Rs.10 lakh for studies within the country and Rs.20 lakh for studies abroad. The total outstanding loans of PSBs for education as on 31st March, 2011 stood at Rs.43,074 crore in 22,35,532 accounts.

Besides above, the Union Finance Minister Shri Mukherjee will also review the financial performance Of Public Sector Banks and Financial Institutions as far as deposits, advances, gross Non-Performing Assets (NPAs) and net profit CRAR are concerned . Besides, the issues of infrastructure lending, implementation of interest subsidy schemes for housing the urban poor (ISHUP) and lending to minority communities will also come up for discussion and review during the aforesaid meeting.

Since development of infrastructure has been assigned high priority by the Government during the 11th Five Year Plan and a total investment of US\$ 514 billion has been envisaged during the period i.e. 2007-12. Out of the projected investments, total debt financing available for infrastructure is estimated at US 206.38 billion or Rs.8, 25,539 crore out of which share of domestic bank credit is placed at US \$ 106 billion or Rs.4,23,691 crore. As per RBI data, outstanding bank credit to infrastructure as on 25th March, 2011 was Rs.4,57,360 crore. To address the constraints relating to exposure norms and asset liability mismatch faced by the PSBs, India Infrastructure Finance Company Ltd. (IIFCL) established by Government in 2006, has implemented the take out finance scheme with the objective of taking out eligible infrastructure loans from the portfolio of banks thereby providing them headroom for further lending to infrastructure projects. Till 31st May 2011, nine (9) projects have been sanctioned for takeout involving takeout amount of over Rs.1600 crore.

Besides above, the Union Finance Minister Shri Mukherjee will also review the annual performance of Regional Rural Banks (RRBs) and various related issues with them.

Another important issue which is high on the agenda will be the performance of banks in the field of Financial Inclusion as well as their financial inclusion plan for 2011-12. A total of about 72,950 villages were identified by the banks for providing appropriate banking facilities and bringing them in the overall banking network. Out of these, 29,569 villages have been covered in the financial year 2010-11 and remaining 43,381 villages are to be covered during the current financial year 2011-12. These include 23,023 villages to be covered by PSBs, 18, 760 villages by RRBs, 1,386 villages by private banks and 212 villages by cooperative banks. At present, there are 71 unbanked blocks in the country out of which 70 blocks are in the North Eastern Region and 1 block in the State of Jammu and Kashmir. State Bank of India is the SLBC Convenor Bank of the North Eastern States which assured fullest assistance to this vital aspect.

In the aforesaid bankers' meet, Shri Nandan Nilekani, Chairman UIDAI will also make a presentation on 'Financial Inclusion and e-payments'.

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