



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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April 6, 2018

**The Chairmen/Managing Directors/Chief Executive Officers
All SLBC Convenor Banks/ Lead Banks**

Madam/Dear Sir,

Revamp of Lead Bank Scheme - Action Points for SLBC Convenor Banks/ Lead Banks

As you are aware, the Lead Bank Scheme (LBS) was last reviewed by the "High Level Committee" under Smt Usha Thorat, then Deputy Governor of Reserve Bank of India as the Chairperson in 2009. In view of changes that have taken place in the financial sector over the years, Reserve Bank of India had constituted a "Committee of Executive Directors" of the Bank to study the efficacy of the Scheme and suggest measures for improvement. The Committee's recommendations were discussed with various stakeholders and based on their feedback, it has been decided that the following 'action points' will be implemented by the SLBC Convenor Banks/Lead Banks.

- i. State Level Bankers' Committee (SLBC) meetings should primarily focus on policy issues with participation of only the senior functionaries of the banks/ Government Departments. All routine issues may be delegated to sub-committee(s) of the SLBC. A Steering Sub-committee may be constituted in the SLBC to deliberate on agenda proposals from different stakeholders and finalise a compact agenda for the SLBC meetings. Typically, the Sub-Committee could consist of SLBC Convenor, RBI & NABARD representatives & senior State Government representative from the concerned department, e.g. Finance/ Institutional Finance and two to three banks having major presence. Other issue-specific sub-committees may be constituted as required. A Revised Agenda for SLBC meetings is attached as **Annex I** for implementation.

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हिंदी आसान है, इसका प्रयोग बढ़ाइए।

"चेतावनी : मेल रिज़र्व बैंक द्वारा-डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का न्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।"

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- ii. In cases where the Managing Director/Chief Executive Officer/Executive Director of the SLBC Convenor Bank is unable to attend SLBC Meetings, the Regional Director of the RBI shall co-chair the meetings along with the Additional Chief Secretary/Development Commissioner of the State concerned.
- iii. The corporate business targets for branches, blocks, districts and states may be aligned with the Annual Credit Plans (ACP) under the Lead Bank Scheme to ensure better implementation. The Controlling Offices of the banks in each state should synchronize their internal business plans with the ACP under Lead Bank Scheme.
- iv. At present, discussions at the Quarterly Meetings of the various LBS fora viz. State Level Bankers' Committee (SLBC), District level Consultative Committee (DCC) and Block Level Bankers' Committee (BLBC) primarily focuses on the performance of banks in the disbursement of loans vis-a-vis the allocated target under the Annual Credit Plan. The integrity & timeliness of the data submitted by banks for the purpose has been an issue as a significant portion of this data is manually compiled and entered into the Data Management Systems of the SLBC Convener Banks. The extent to which this data corresponds with the data present in the CBS of the respective banks also varies significantly. Therefore, there is need of a standardized system to be developed on the website maintained by each SLBC to enable uploading and downloading of the data pertaining to the Block, District as well as the State. The relevant data must also be directly downloadable from the CBS and/ or MIS of the banks with a view to keeping manual intervention to a minimal level in the process. The procedure relating to the envisaged intervention in this area is given in **Annex II**. Necessary modifications may be made on the SLBC websites and to the CBS & MIS systems of all banks to implement the envisaged data flow mechanism.
- v. To strengthen the BLBC forum which operates at the base level of the Lead Bank Scheme, it is necessary that all branch managers attend BLBC meetings and enrich the discussions with their valuable inputs. Controlling Heads of banks may also attend a few of the BLBC meetings selectively.



vi. Rural Self Employment Training Institutes (RSETIs) should be more actively involved and monitored at various fora of LBS particularly at the DCC level. Focus should be on development of skills to enhance the credit absorption capacity in the area and renewing the training programmes towards sustainable micro enterprises. RSETIs should design specific programmes for each district/ block, keeping in view the skill mapping and the potential of the region for necessary skill training and skill up gradation of the rural youth in the district.

2. You are advised to initiate necessary action for implementation of the 'action points' and also closely monitor the progress/ follow up by banks in this regard.

3. Please keep the respective Regional Office of the Reserve Bank of India informed of the action taken in the matter.

4. A copy of this circular is also being endorsed to the Chief Secretaries of all States.

Yours faithfully,

(Gautam Prasad Borah)
Chief General Manager-in-Charge

Encl.:

- I. Revised Agenda for SLBC Meetings
- II. Management of Data Flow at LBS Fora – Procedure

Annex I:

Revised Agenda for SLBC Meetings

1. Review of financial inclusion initiatives, expansion of banking network and Financial Literacy
 - a. *Status of opening of banking outlets in unbanked villages, CBS-enabled banking outlets at the unbanked rural centres (URCs)*
 - b. *Review of Operations of Business Correspondents – hurdles/issues involved*
 - c. *Progress in increasing digital modes of payment in the State, provision of continuous connectivity with sufficient bandwidth, resolving connectivity issues/ connectivity options (Bharat Net, VSAT, etc.), installation of ATMs and PoS machines and status of implementation of e-receipts and e-payments in the State*
 - d. *Status of rollout of Direct Benefit Transfer in the State. Aadhaar seeding and authentication*
 - e. *Review of inclusion of Financial Education in the School Curriculum, financial literacy initiatives by banks (particularly digital financial literacy)*
 - f. *Creating awareness about various schemes, subsidies, facilities e.g. crop insurance, renewable energy*
 - g. *Review of efforts towards end to end projects involving all stakeholders in the supply chain*
2. Review of credit disbursement by banks
 - a. *Achievement under ACP of the State, Priority Sector Lending,*
 - b. *Discussion on lending towards government sponsored schemes (DAY-NRLM, DAY-NULM, MUDRA, Stand-Up India, PMEGP, etc.) and impact of these schemes*
 - c. *Flow of credit to MSMEs and for affordable housing*
 - d. *KCC loan, crop insurance under PMFBY*
 - e. *Grant of Education Loans*
 - f. *Progress under SHG-bank linkage*
3. Doubling of Farmers' Income by 2022
4. CD Ratio, Review of Districts with CD Ratio below 40% and working of Special Sub-Committees of the DCC (SCC).
5. Position of NPAs in respect of schematic lending, Certificate Cases and Recovery of NPAs
6. Review of restructuring of loans in natural calamity affected districts in the State, if any

7. Discussion on policy initiatives of the Central/State Government/RBI (Industrial Policy, MSME Policy, Agriculture Policy, Start-Up Policy, etc.), and expected involvement of banks
8. Discussion on improving rural infrastructure/ credit absorption capacity.
 - a. *Any large project conceived by the State Government to help improve C-D Ratio.*
 - b. *Explore the scope of state-specific potential growth areas and the way forward – choosing partner banks.*
 - c. *Discussion on findings of region-focused studies, if any, and implementing the suggested solutions*
 - d. *Identification of gaps in rural and agriculture infrastructure which need financing (rural godowns, solar power, agro processing, horticulture, allied activities, agri-marketing etc.)*
 - e. *Implementation of Model Land Leasing Act 2016 (exploring possibility)*
9. Efforts towards skill development on mission mode partnering with KVK, Horticulture Mission, National Skill Development Corporation, ASCI, etc. including a review of functioning of RSETIs
10. Steps taken for improving land record, progress in digitization of land records and seamless loan disbursements.
11. Sharing of success stories and new initiatives at the district level that can be replicated in other districts or across the State
12. Discussion on Market Intelligence Issues e.g.
 - a. *Ponzi Schemes/ Illegal Activities of Unincorporated Bodies/ Firms/ Companies Soliciting Deposits from the Public*
 - b. *Banking Related Cyber Frauds, phishing, etc.*
 - c. *Instances of usurious activities by lending entities in the area, cases of over indebtedness*
 - d. *Credit related frauds by borrower groups etc.*
13. Issues remaining unresolved at DCC/DLRC meeting
14. Timely submission of data by bank, adhering the schedule of SLBC meeting
15. Any other item, with the permission of the Chair.

Annex II:

Management of Data Flow at LBS Fora – Procedure

- i. Each bank's CBS should have a provision to generate a report pertaining to all LBS related data/ tables to Excel. This data should have information pertaining to all the branches operating in the state including fields/ columns for District & Block name. Access to Download & Export this data from bank CBS should be given to the Controlling Offices of the Banks who would be solely responsible for the process of 'Data Feeding' for all districts/ blocks within their jurisdiction.
- ii. The 'Data Feeding' process is the process of uploading this Excel file (downloaded in step (i) above) on the SLBC websites. SLBC Websites should have a provision to 'Import/ Upload' all the data present in the Excel Sheet on the database of the SLBC Website. This would obviate any manual 'data entry' at the SLBC/ Controlling Office level.
- iii. To facilitate the above functionality, each SLBC Convenor Bank would have to add this 'Import/ Upload' functionality to their SLBC website along with the requisite capabilities at the back-end.
- iv. The SLBC website would, thus, effectively work as a data aggregation platform. Further, data analysis capabilities could also be added to the SLBC websites depending on the available resources.
- v. The SLBC websites should provide access to LDMs to download district and block specific data directly from this website thus ensuring integrity and timely availability of data.
- vi. There could still be some data pertaining to State Government Schemes/ other data that is not available on the CBS or MIS of the banks. This would have to be collated at the Controlling Office level as is done now. At the SLBC website, functionalities could be provided to enter this data too. This could then be downloaded by the LDMs for district/ block level reports. Banks may also add Open Format fields like 'text boxes' for data or information that is special or is entered/ used once in a while.
- vii. Such a system ensures that LDMs & SLBC Convenor Banks have to do zero or minimal data entry/ feeding and all data is entered by a single 'custodian of data' which is the Controlling Office of each Bank. Any information to be provided by Government extension agencies could also be similarly uploaded.
