

**Minutes of the Monitoring meeting on 19.11.2018 regarding disbursement of loans under Mudra Scheme, Stand-up India scheme and Educational Loans to the SC persons by Nationalized Banks.**

**1.9.1** The Commission held a Monitoring Meeting on 19.11.2018 regarding disbursement of loans under Mudra Scheme, Stand-up India scheme and Educational Loans to the Scheduled Castes persons by Nationalized Banks.

**1.9.2** The meeting was organised to monitor progress of loans to scheduled castes persons under the newly launched schemes like Stand-up India and Pradhan Mantri Mudra Yojna as these schemes had special emphasis on development of Scheduled Castes entrepreneurs and other underprivileged groups. Discussion was also centred on the issues related to educational loans which effects up-liftment of socio-economic status of Scheduled Castes.

**1.9.3 Objectives**

The objectives of the meeting was to bring all the Nationalized Banks at one platform to know and monitor progress and methodology adopted to encourage, locate and give loans to SC entrepreneurs under Mudra, Stand-up India scheme and progress of granting Education loan to scheduled caste students. The basic purpose of these schemes is to attain development in an inclusive and sustainable manner by supporting and promoting SC entrepreneurs in achieving economic success and financial security.

**1.9.4** At the outset, Secretary, NCSC welcoming the guests, emphasised the inclusive nature of the schemes of (1) Pradhan Mantri Mudra Yojna (Mudra) and its 3 sub categories (i) Shishu, (ii) Kishore and (iii) Tarun; (2) Stand-up India scheme (3) Education Loan and the fact that Scheduled castes must be given their due representation in all these schemes.

**1.9.5** Inaugurating the discussion, Chairman, NCSC gave a brief about role and functions of the Commission and the relevance of monitoring of these schemes to the welfare of Scheduled Caste. Unless banks implement these schemes in proper spirit, inclusive growth for the poor including SCs, STs, OBCs etc. is not possible. He added that the analysis of the data that are made available to the Commission by various banks was not very encouraging picture with respect to the Scheduled Caste. The issues the Banks need to tackle are how to reach out to and motivate potential SC entrepreneurs directly and reduce all middle men. Interaction and feedback from elected representatives is also necessary as well as involvement of State Government Department. In the reviews of State Governments by NCSC, all the State Governments stated that they are not aware of the progress of these schemes as they are not involved. This needs to be addressed and lead banks in Districts must involve the District Authorities and public representatives in their outreach programme.

**1.9.6** NCSC then gave a brief presentation highlighting status of three loan schemes namely, (i) Stand-up India, (ii) Pradhan Mantri Mudra Yojna and (iii) Disbursement of Educational Loans.

**1.9.7** The issue that emerged out of the Commission analysis of data presented by Banks, Department of Financial Services (MOF) showed that:

**1.10.7.1 In Mudra Scheme:**

SC loans were approx 6.3 % of the total Rs. 14.56 Crore loans sanctioned and accounted for about 2.9% of the total amount sanctioned. The Scheduled Caste population is greater than 16% of the total population of the country hence the figures were well below the expected percentage of loans to SCs.

- The highest percentage of loans given to SCs were in the lowest category of Mudra i.e Shishu and only in 02 Banks IDBI(20.62%) and Allahabad Bank (15%) the percentage and amount of loan given in this category was at par/above the expected percentage.
- In all other Banks the percentage of loans given to SCs was lower than the norms of the SC population percentage.
- In the higher loan amount category of Mudra i.e Tarun and Kishore, the percentage of SC loanees ranged from 0.75% SBI (Tarun ) to 3.57% United Bank (Tarun) and 1.2% Punjab & Sindh Bank (Kishore) to 9% Andhra Bank (Kishore).
- SC category loan size is maximum in Shishu (average loan of Rs. 30,000/-). In SBI, Central Bank of India, however the loan size of Shishu to SCs is to were and between Rs. 10,000/- to 15,000/-.
- In Kishore category, the average SC loan size is between Rs. 50,000/- to Rs. 60,000/- i.e towards the lower limit by all Banks.
- In Kishore category, the average SC loan size is half that of overall loan size in Canara Bank, SBI and Corporation Bank.
- In Tarun category except of Corporation Bank, in all other Banks the loans size of SCs were much below the overall loan size. Within SCs, the percentage of SC women availing of Mudra Loans is significant with more than 50% share in Shishu category in loans by Syndicate Bank, Bank of Maharashtra, Canara Bank, IDBI Bank.
- In Tarun category SC women had 65% of the total SC share in Bank of Maharashtra and 48% in Canara Bank Mudra loans.

#### **1.10.7.2 Stand up India Scheme:**

Scheme envisages loan to at least 01 SC/Woman entrepreneur per Bank Branch. There are more than 1.2 lakh Bank Branches in India. Of the 61482 loan sanctioned upto October, 2018, loans to Scheduled Caste are 9174 with SC women forming 27% of these i.e 2555.

- Hence loans to SCs are only 13.9% of total loans, whereas 01 SC entrepreneur/Branch was the target.
- The range of loan to SCs, Bank wise is 1 SC per 50 Branches by SBI, Union Bank, 01 SC per 15-22 branches in Bank of Baroda, Bank of India, IDBI, Syndicate Bank, Allahabad Bank, UCO Bank etc to 1 SC per 05 Branches in Andhra Bank.

### **1.10.7.3 Education Loan:-**

- About 2.2% of the 5.4 lakh education loans have been given to SCs. Amount wise about 1.9% of the total Rs. 40423/- crores given as Education loan has been given to SCs.
- Average loan size of SC is around Rs. 3.6 lakhs which is approximately half of overall average loan size.
- Loans to SC girls account get approximately 50% of the total loans sanctioned to SCs.

**1.9.8** The Banks in their presentations agreed with the above findings of the Commission, they are also gave assurance to improve their outreach and RCT programmes with special focus towards SC loanees. Some of the steps taken by Bank/Unique methodologies adopted by them and success stories shared during the meeting are:

#### **1.10.8.1 Andhra Bank**

- Tie up with river community for improving the fishing business and also on Solar rooftop scheme and fibre net yojana of Government for better coverage.

#### **1.10.8.2 Bank of Baroda**

- Tie up with Baroda Tankers and gave 05 SC entrepreneurs loans, signed MoU with DICCI and FICCI.

#### **1.10.8.3 Bank of Maharashtra**

- Tie up with Mahila Mandals of 10 Districts for Training Women entrepreneurs and loaning to trainees. Tie up with NGOs to identify potential loanees.
- Awarding top 03 performing Branches.

#### **1.10.8.4 United Bank**

- . Tie up with Tripura Government for their schemes.

#### **1.10.8.5 UCO Bank**

- Organising credit camps with e-Rickshaw, beauty parlour and other potential loanees, giving wide publicity.

#### **1.10.8.6 Union Bank**

- Tied up with LCV manufacturers.

#### **1.10.8.7 Punjab and Sind Bank**

- They have 03 RCTs which have programmes focusing on SC beneficiaries to increase absorption capacity.

#### **1.10.8.8 Indian Bank**

- Linked with oil companies for loans to entrepreneurs wanting tankers/Trailors.
- Tying up with construction companies/contractors which need JCBs, tippers etc.

#### **1.10.8.9 Canara Bank**

- Focused on Tripipur industrial area where they found a number of loanees.

#### **1.10.8.10 State Bank of India**

- Planning to tie up with professional colleges, e-rickshaw scheme, OYO hotels for better outreach.

**1.9.9** Additional Secretary, Department Of Financial Services (MoF) emphasised on the need for involving State Govt. departments and public representatives, need for banks to

associate themselves with various skill and entrepreneur development programmes of State and Central Government and the need for government banks to focus on training and awareness camp for budding entrepreneurs.

Vice Chairman, NCSC thanked all participants for their valued participation and sharing their experience in the schemes. He pointed out that the banks should examine reasons why the loans are not being disbursed even after sanctions and release of subsidy. There is a need to gear up the implementation of the schemes.

#### **1.9.9.1 Conclusions & Recommendations:**

- More credit camps may be organised particularly at rural areas through outreach programmes to make new entrepreneurs aware about opportunities in business.
- Associate with public representatives on a regular basis for their training and awareness campaigns.
- The Banks and financial institutions may consider locating and associating with SHGs to encourage SC and women participation in income generation schemes.
- Tie up with State Govt. Departments which have launched schemes like solar rooftop installation, fibre optic installation etc.
- Opening of more training centres at regional levels and focussing on camp and campaigns mode to make rural entrepreneurs aware about availability of loans and hand hold them through loan process.
- Banks need to organize a system to provide handholding support to unemployed youth in preparation of the project. All banks in a district can consider to pool their efforts.
- The Government of India has a central sector scheme- SAMPADA (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters). The Banks can finance under this scheme to increase investment credit.

- NABARD has prepared area specific model bankable projects. Bankers can take training to evaluate and appraise different types of projects at Bankers Institute of Rural Development (BIRD), Lucknow.
- The Banks may tie up with gramian women Self Help Groups (like Bank Of Maharashtra), with Oil companies (like Indian Bank), OYO ( like SBI), NGOs ( Bank of Maharashtra ) professional / Management colleges, Schemes of e-rickshaw, Solar roof top, fiber net yojna of Govt. ( like Andhra Bank )etc. under MUDRA scheme to fulfill the obligation of the Government of the schemes, encourage entrepreneurs as well as to grow/boost their business.
- Tie up with it is, DICCI, NSCFDC, etc and training schools, who teach make up, hair styling etc. for locating entrepreneurs.
- In view of the critical role played by Lead District Managers, it may be ensured that officials posted as LDMs possess requisite leadership skills. They should be competent and go the extra mile to discharge his/her duties effectively.
- Bank Branch Managers should have live contact with the residents of their area. They may identify good prospective borrowers themselves for financing under government sponsored schemes. This will lead to qualitative financing by banks and can make change the districts.
- Banks need to evolve a training schedule to create a favourable ecosystem.
- Rejection of applications on small grounds may be re-looked and efforts be made to arrest rejection rate in future. Automation may be brought into to analyse business applications to reduce possible errors in rejections.

#### **1.9.10 For Education Loans :**

The banks can evolve a short term loans ( at lower interest rates) as a bridge loans to SC students studying in Private Colleges/ Universities to tide over the gap between payment of fees to colleges and the fee reimbursement of the same by the State Governments.