

POINTS FOR THE MEETING WITH RD, RBI ON 20-02-2017

1. NON-PERFORMANCE / UNDER PERFORMANCE BY PRIVATE BANKS

Private Sector banks in Bihar have made unsatisfactory progress in achieving the targets set by RBI/SLBC. Such banks are only interested in taking deposits but are not interested in providing loans/advances in the State. The RBI should take immediate remedial steps for such banks. These banks should be forced to achieve C : D Ratio average at least at par to the level of State average.

2. CD RATIO

Relatively low Credit-Deposit (CD) Ratio in Bihar (41%) against the higher national average (78%) is a cause of concern as it is an indicator of progress of any financial institution like commercial banks. When the Credit-Deposit Ratio is at a lower ebb, the weaker sections will be the most affected along with other borrowers. Hence, it is of paramount importance to ensure the flow of adequate credit.

Here it would be important to mention that the performance of Nationalised Commercial Bank in the matters of loan disbursement is not up to mark and needs greater attention for improvement in CD Ratio in Bihar. Further, branches in semi-urban areas where the CD Ratio is low should be identified for intensive lending and due publicity should be given for special nature of services rendered by the branches.

We therefore, request the RBI to do the needful so that Banks enhance credit flow in the State particularly in industries, infrastructure development, tourism, transport sectors resulting in improvement in the CD Ratio in Bihar up to the desired level.

Besides above, the RBI may advise the Banks to give proper emphasis on the following areas to ensure improvement in CD Ratio:

- In Bihar, there is ample scope for the development of Agro based and Food processing Industry based on fruits, vegetables as well as setting up of cold storage for storing agricultural produce and construction of rural go-downs etc.
- Agriculture Mechanization Loan for capital equipment for tractors, combined harvesters, fully mechanized Agriculture Input which again have very good prospect in Bihar would also improve the CD Ratio in the State. Lead Banks may please be advised to deploy more funds in these sectors as well without any restrictions.
- In addition to the above, there is also an ample scope to finance small establishments such as IT based service providing centers, tiny industries, dairy, fishery, poultry etc. For adequate enhancement in CD Ratio, it is suggested that a proper survey should also be made by the Banks for meeting the financial requirements of different sectors.

3. NEED TO FRAME SPECIFIC TIME LIMIT FOR PROCESSING OF LOAN APPLICATIONS

The RBI should frame a guideline for fixation of specific time limit for processing of loan applications. There is a need for the nationalized commercial banks to develop such system so that specific time limit for processing of loan applications may be intimated to the borrowers.

4. RATIONALISATION OF SERVICE CHARGES BEING LEVIED BY BANKS

Banks should reduce the cost of services by becoming more efficient in order to extend services to people in un-banked areas. It would be important to mention that most of the Banks have recently made manifold increase in their service charges, making it exorbitant for its customers. It needs to be rationalized on priority basis.

5. Most of the banks do not accept such currency notes on which something has been written by somebody. We wish to know the factual position in this regard as we often found such currency notes.

6. A number of banks do not accept coins at the time of deposit. This creates a lot of problems for traders particularly for such traders who have to deal with small currency.

7. Credit Rating Agencies once appointed for one year insists for their continuation. In case a borrower does not want its continuation, such agencies warn such borrower that it will suo-motto send its rating and will raise the bill for making such rating. If such bill remains un paid, it will write to concerned and others that the borrower is a defaulter.