

**SIXTY-FIFTH REPORT
COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

**MINISTRY OF FINANCE
(DEPARTMENT OF FINANCIAL SERVICES)**

(Presented to Lok Sabha on 05.02.2024)



**LOK SABHA SECRETARIAT
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(i)

COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Harish Dwivedi - *Chairperson*

MEMBERS

2. Shri Anto Antony
3. Prof. Sanjay Sadashivrao Mandlik
4. Shri P. Ravindhranath
5. Dr. Jayanta Kumar Roy
6. Shri Brijendra Singh
7. Shri Sunil Kumar Singh
8. Shri Sushil Kumar Singh
9. Shri Manoj Kumar Tiwari
10. Shri Prabhubhai Nagarbhai Vasava
11. Shri Rajan Baburao Vichare
12. Shri Bharat Ram Margani
13. Vacant
14. Vacant
15. Vacant

SECRETARIAT

1. Shri Raju Srivastava - Joint Secretary
2. Shri Tenzin Gyaltzen - Deputy Secretary
3. Shri Harish Kumar Sethi - Under Secretary

(ii)

SIXTY-FIFTH REPORT OF THE COMMITTEE ON PETITIONS (SEVENTEENTH LOK SABHA)

INTRODUCTION

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present on their behalf, this Sixty-Fifth Report (Seventeenth Lok Sabha) of the Committee to the House on the Action Taken by the Government on the recommendations made by the Committee on Petitions (Seventeenth Lok Sabha) in their Thirty-Seventh Report on the representation of Shri Phani Dhar Das regarding customers' perception and effectiveness of Credit Schemes of State Bank of India, Punjab National Bank and UCO Bank, especially in Guwahati and other important issues related therewith.

2. The Committee considered and adopted the draft Sixty-Fifth Report at their sitting held on 02 February, 2024.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

HARISH DWIVEDI
Chairperson,
Committee on Petitions

02 February, 2024

13 Magha, 1945 (Saka)

REPORT

ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS (SEVENTEENTH LOK SABHA) IN THEIR THIRTY SEVENTH REPORT ON THE REPRESENTATION OF SHRI PHANI DHAR DAS REGARDING CUSTOMERS' PERCEPTION AND EFFECTIVENESS OF CREDIT SCHEMES OF STATE BANK OF INDIA, PUNJAB NATIONAL BANK AND UCO BANK, ESPECIALLY IN GUWAHATI AND OTHER IMPORTANT ISSUES RELATED THEREWITH.

The Committee on Petitions (Seventeenth Lok Sabha) presented their Thirty Seventh Report to Lok Sabha on 13.12.2022 which had dealt with the representation of Shri Phani Dhar Das regarding customers' perception and effectiveness of Credit Schemes of State Bank of India, Punjab National Bank and UCO Bank, especially in Guwahati and other important issues related therewith.

2. The Committee had made certain observations/recommendations in the matter and the Ministry of Finance (Department of Financial Services) were asked to implement the recommendations and requested to furnish their action taken replies thereon for further consideration of the Committee.

3. Action Taken Replies have since been received from the Ministry of Finance (Department of Financial Services) *vide* their communication dated 21.12.2023 in respect of all the observations/recommendations contained in the aforesaid Report. The recommendations made by the Committee and the replies furnished thereto by the Ministry of Finance (Department of Financial Services) are detailed in the succeeding paragraphs.

4. In paras 16 and 17 of the Report, the Committee had observed/recommended as follows:-

"Upon undertaking a detailed examination of the representation of Shri Phani Dhar Das regarding Customers' perception and effectiveness of Credit Schemes of the three Public Sector Banks, viz., State Bank of India (SBI),

Punjab National Bank(PNB) and UCO Bank, especially in Guwahati in light of the submissions made by the Ministry of Finance (Department of Financial Services)/SBI, PNB & UCO Bank, the Committee note that in the case of SBI, there is a marginal increase, in absolute terms, in NPA levels in the North Eastern Region, including Assam. As on 31.03.2022, the total NPA stood at Rs.1759 crore which was Rs.1730 crore as on 31.03.2021. However, despite increased lending during the Financial Year (FY) 2021-22, the overall NPA percentage to advances has come down from 3.51% to 3% in FY 2021-22, in the retail portfolio, whereas in the case of PNB, the total number of Special Mention Accounts (SMA-1 & SMA-2) has decreased from 2709 (as on 31.03.2021) to 1526 (as on 31.03.2022) in the North Eastern States. Furthermore, as regards the Bank's Fresh Slippage/NPA Slippage Position in Agriculture, MSME, Retail and other Sectors in respect to the North Eastern States, it is evident that the stress level has come down from Rs.769 crore (for the year ended on 31.03.2021) to Rs.389 crore (for the year ended on 31.03.2021). As regards the UCO Bank, the stress of the borrowal accounts had though increased on account of the impact of Covid-19 pandemic, is presently been under reducing trend due to a slew of measures taken by the Government of India and Reserve Bank of India such as introduction of COVID-19 regulatory package, implementation of ECLGS Scheme, Resolution Framework 1.0 (RF 1.0) and Resolution Framework 2.0 (RF 2.0), etc.

Based on the careful scrutiny of statistical details of NPA levels in respect to the three leading Public Sector Banks, viz., SBI, PNB and UCO Bank operating in the North Eastern Region, the Committee are given to understand that the increase in stress is mainly due to slow-down in the economic activities due to Covid-19 disruption and resultant fall in income which affected the repaying capacity of the borrowers. However, due to various policy measures initiated by the Government and Reserve Bank of India and operational efforts by the Management of these PSBs, NPA levels of the Banks have been showing improvement in recent times with easing of pandemic levels. Notwithstanding the above, the Committee would like to caution the management of these PSBs to professionally manage the sanctioning of loans and devise their own unique and innovative monitoring mechanisms to notice early signs of stress on the loans disbursed by them so that corrective measures could be taken at an appropriate time. In this sequel, the Committee are also of the opinion that there is a need for these PSBs, under reference, to reduce the volume of their

bad loans/stressed assets while focusing on their resolution, thereby, freeing their balance sheets from negative impact and improve their financial position by putting in place a robust, proactive and effective supervisory mechanisms which would strengthen their overall capital position. The Committee, therefore, recommend that the Ministry of Finance (Department of Financial Services), in coordination with the Reserve Bank of India and the Management of these PSBs, should take all necessary and appropriate measures to keep the momentum on the reducing trend of NPAs which would allow these PSBs to focus on their core operations of providing credit for fresh investments and also improve their business activities with opening up of economy."

5. The Ministry of Finance (Department of Financial Services), in their action taken replies, have submitted as follows:-

"Comprehensive measures have been taken to reduce and control non-performing assets (NPAs) in public sector banks (PSBs), on account of which gross NPAs of PSBs have declined to Rs.4.28 lakh crore (gross NPA ratio of 4.97%) in March 2023 from Rs.8.96 lakh crore (gross NPA ratio of 14.58%) in March 2018. Further, gross NPAs of SBI has declined to Rs 0.91 lakh crore (gross NPA ratio of 2.78%) in March 2023 from Rs 2.23 lakh crore (gross NPA ratio of 10.91%) in March 2018. Similarly, gross NPA of UCO has declined to Rs 0.08 lakh crore (gross NPA ratio of 4.78%) in March 2023 from Rs 0.31 lakh crore (gross NPA ratio of 24.64%) in March 2018 and gross NPA of PNB has declined to Rs 0.77 lakh crore (gross NPA ratio of 8.74%) in March 2023 from Rs 0.87 lakh crore (gross NPA ratio of 18.38%) in March 2018. The measures taken to reduce and control NPAs, include, inter alia, the following:-

- (i) Change in credit culture has been affected, with the Insolvency and Bankruptcy Code (IBC) fundamentally changing the creditor-borrower relationship, taking away control of the defaulting company from promoters/owners, and debarring wilful defaulters from the resolution process. To make the process more stringent, personal guarantor to corporate debtor has also been brought under the ambit of IBC.*
- (ii) Further, a pre-packaged insolvency resolution process (PPIRP) was operationalised under IBC to provide an efficient alternative*

insolvency resolution process for corporate persons classified as micro, small and medium enterprises (MSME), ensuring quicker, cost-effective and value maximizing outcomes for all the stakeholders, in a manner which is least disruptive to the continuity of their businesses and also preserving employment.

- (iii) Prudential Framework for Resolution of Stressed Assets was issued by RBI in 2019 to provide a framework for early recognition, reporting and time bound resolution of stressed assets, with a build-in incentive to lenders for early adoption of a resolution plan.
- (iv) Under the PSB Reforms Agenda, comprehensive and automated Early Warning Systems (EWS) were instituted in PSBs, with ~80 EWS triggers and use of third-party data for time-bound remedial actions in the borrowing accounts.
- (v) PSBs have also created Stressed Asset Management Verticals for stringent recovery, segregated pre- and post-sanction follow-up roles for clean and effective monitoring, and engaging specialised monitoring agencies for monitoring of large-value accounts.
- (vi) Central Repository of Information on Large Credits (CRILC) collects, stores and disseminates credit data to lenders, and banks are required to submit report on weekly basis to CRILC, in case of any default by borrowing entities with exposure of Rs.5 crore and above.
- (vii) The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended in the year 2016 to make it more effective.
- (viii) Wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, and their unit is debarred from floating new ventures for five years.

- (ix) Wilful defaulters and companies with wilful defaulters as promoters/directors have been debarred from accessing capital markets to raise funds.

Further, capital position of PSBs has also strengthened significantly with capital to risk-weighted assets ratio (CRAR) improving by 387 basis points, to 15.53% in March 2023 from 11.66% in March 2018. Further, CRAR of SBI, PNB and UCO Bank has improved to 14.68%, 15.50% and 16.51% in March 2023 from 12.60%, 9.20% and 10.94% respectively in March 2018.”

6. In paras 18, 19 and 20 of the Report, the Committee had observed/recommended as follows:-

“During the course of examination of the instant representation, the Committee were informed by the Ministry of Finance (Department of Financial Services)/ SBI, PNB & UCO Bank that these three Public Sector Banks have been emphasizing on promotion of digitization, co-lending practices, early and effective assessment of assets and risks, etc., for overall growth in profitability and businesses, thereby improving their overall financial position. As regards SBI, the Bank has been investing significantly in Digitalization which enabled it to reach out to the customers based on their analytical engines garnering major market share across multiple digital channels. It has also helped in fulfilling the customers demand in a timely and appropriate manner. The Committee were further informed that SBI is also planning to ramp up its co-lending business to scale up business and tap credit growth while entering into co-lending partnerships for loans to agriculture and small and medium enterprises which aims to bring down slippages in these sectors. Besides, SBI has also been significantly strengthening its own underwriting practices which enabled it to assess and monitor the risk in a much better manner by taking appropriate actions for insulating the balance sheet from any future shock. The Punjab National Bank also has taken various steps, viz., ensuring customer service and customer convenience, focus on lead generation, promoting digitization and containing fresh slippage and focus on recovery for overall growth in profitability and businesses of the Bank. Apart from this, the Bank has also taken other initiatives for growth in deposits, improving position of RAM advances, monitoring of asset quality and digitization, etc. Similarly, the UCO Bank has instituted major key reforms such as preparation of Corporate Budget

focusing on projected net profit of the Bank for FY 2022-23, focusing on increasing Non Interest Income, allocation of budget under Non-Interest Expense, change in credit culture, ensuring timely and better realisation in One-Time Settlements, exclusive monitoring of the assets through Early Warning System (EWS) and enforcement of auditing standards and ensuring audit quality as per the standards of National Financial Reporting Authority.

While taking note of the above measures being taken by the three Public Sector Banks, viz., SBI, PNB & UCO Bank for improving their overall financial position, the Committee observe that the SBI has been able to increase its Total Deposits YoY, Whole Bank Advances, return on assets and equity YOY and Net Profit, whereas, the Gross & Net NPA ratio YOY have come down, as a result of aforesaid measures taken. As regards the PNB, during FY 21-22, the Bank has been able to show improved performance on business, asset quality and capitalization. As on 31.03.22, PNB has been able to improve its CASA share by 195 bps to 47.43%. It has recorded growth of 6.18% in Gross Advances and reduced Gross NPA% by 234 bps to 11.78% whereas, Net NPA% by 93 bps to 4.80%. It has also increased CRAR by 18 bps to 14.50% over previous year. The UCO Bank has also registered growth in its Net and Operating Profits and has also able to increase its Net Interest Income from 2021 to 2022 by 18.13%. Further, the Bank has been able to reduce its GNPA and Net NPA from 9.59% to 7.89% and from 3.94% to 2.70%, respectively, from FY2021 to 2022. Besides, it has increased Provision Coverage Ratio (PCR) to 91.44% as on 31.03.2022.

The Committee are satisfied with the measures being taken by the State Bank of India (SBI), Punjab National Bank (PNB) and UCO Bank for improving their overall financial position. However, keeping in view the dynamics of competitive financial market, the Banks should re-calibrate their overall financial activities in a competitive manner for which it is imperative that the Banks and other Financial Institutions should follow the best global practices. Notwithstanding this, there has always been scope of improvisation in Public Sector Banks in terms of Asset Quality and Management Efficiency, besides extant strategies and measures for improving their overall financial position. In the opinion of the Committee, the Banking Institutions must adopt performance grid as the 'master technique' in accordance with the requirements of their customers which on one hand would optimally utilize the services and on the

other hand, would encourage customers' retention while ensuring complete satisfaction with the services vis-a-vis technical formalities of the Banks. In order to achieve intended objectives, emphasis should be given by the Banks on the responsiveness, assurance and empathy while providing services to their customers. Besides, Banks should also ensure effective and efficient security systems in place for a secured banking operations and to attract increased customers' perception regarding service quality. In this connection, the Committee desire that the Ministry of Finance (Department of Financial Services), in coordination with the Reserve Bank of India and the Management of the State Bank of India (SBI), Punjab National Bank (PNB) and UCO Bank, should redraw their strategies to work on various measures and reforms for improving their financial position while considering all the above aspects related to customer service and convenience, so that their impact is visible in foreseeable future."

7. The Ministry of Finance (Department of Financial Services), in their action taken replies, have submitted as follows:-

"Before the advent of the Asset Quality Review in 2015, RBI had provided special regulatory treatment in respect of asset classification of loans restructured by banks. As per that, the existing standard assets would not be downgraded to sub-standard upon restructuring, subject to compliance with the certain conditions. Due to the said regulatory forbearance, restructured standard assets increased in the banks' loan books. The said guidelines regarding regulatory forbearance on asset classification of restructured accounts were subsequently withdrawn by RBI for all restructuring done with effect from 1.4.2015. To overcome the problem of stressed assets in banking sector, Government has implemented a comprehensive 4R's strategy of Recognising NPAs transparently, Resolution and recovery, Recapitalising PSBs, and Reforms in the financial ecosystem. Major banking reforms undertaken by the Government over the last few years have also addressed credit discipline, prudent/responsible lending, strong recovery mechanism and improved governance, besides adoption of new technology and maintaining general confidence of bankers. As a result of implementation of Reforms, PSBs' performance have shown substantial improvement over the years, with gross NPA ratio declining to 4.97% in March 2023 from 14.58% in March 2018, CRAR improving to 15.53% in March 2023 from 11.66% in March 2018, and

aggregate net profit rising to Rs.66,543 crore in the financial year (FY) 2021-22 and Rs.1,04,649 crore in the FY 2022-23, from a net loss of Rs.85,370 crore in the FY 2017-18. Further, performance of SBI, PNB and UCO Bank has also improved significantly, as reflected in the following:-

- (a) Asset quality has improved significantly with Gross NPA ratio of SBI, PNB and UCO Bank declining from 10.91%, 18.38% and 24.64% in March 2018 to 2.78%, 8.74% and 4.78% respectively in March 2023.
- (b) Resilience has increased with provision coverage ratio of SBI, PNB and UCO Bank rising from 66.17%, 58.42% and 61.38% in March 2018 to 91.91%, 86.90% and 94.50% respectively in March 2023.
- (c) CRAR of SBI, PNB and UCO Bank has improved to 14.68%, 15.50% and 16.51% in March 2023 from 12.60%, 9.20% and 10.94% respectively in March 2018.
- (d) SBI, PNB and UCO Bank are in profit with aggregate profit being Rs.36,063 crore in the financial year (FY) 2021-22, and profit continued with them earning aggregate profit of Rs.54,602 crore in FY 2022-23.

Further, a Reform Agenda of PSBs through Enhanced Access & Service Excellence (EASE) reforms initiative, has enabled objective and benchmarked progress on all key areas in PSBs — viz., governance, prudential lending, risk management, technology- and data-driven banking, and outcome-centric human resources. To measure bank-wise performance on a comprehensive set of parameters against respective benchmarks on reform priorities, an independent agency has been engaged by Indian Banks' Association (IBA). In the last couple of years, EASE has enabled effecting a transformation by making PSBs prime movers of smart lending and tech-enabled ease of banking for an aspiring and inclusive India, while simultaneously hard-wiring sound banking through IT systems, adopting a transformative agenda of collaborative banking among the PSBs. It also encapsulates a synergistic approach to ensure better customer service, simplified and enhanced credit outreach with

digital adoption. Major initiatives taken under EASE reforms with regard to customer services and convenience, include, inter alia, the following:-

- (i) Through improvements in digital channels, most branch-based services are now accessible to customers using mobile and internet banking, including in local languages.*
- (ii) Customer ease has been enhanced through Bank-Mitra-based near-home services in rural areas by providing ~30 banking services per bank.*
- (iii) Banks have introduced Door step Banking for both non-financial and financial services.*
- (iv) On-site self-service machines/kiosks such as passbook printing machines, cash dispensing and depositing machines have been made available in branches.*
- (v) Improvement of customer experience at the call centres by improving various parameters like the number of services offered through IVR, number of customer services and lead generation services, abandonment rate, resolution rate, the average number of call centre agents for every operative account, average handling time, etc.*
- (vi) Banks provide the option to capture customer experience and feedback through various channels.*
- (vii) Banks have started assessments of employee performance based on customer experience and feedback.*
- (viii) Digital loan request initiation through call centres/SMSs/apps/website/missed calls has been enabled for retail, MSME, and agri products. Door-step product advice and loan facilitation support to customers for personal segment, MSME and agricultural loans has also been initiated by PSBs.*

- (ix) *Customer-need-driven analytics-based credit offers have been given an impetus. It has also enhanced credit outreach and improved customer offerings.*
- (x) *For enhanced customer service through improved turnaround time (TAT), banks have –*
 - (a) *operationalised single window operator counters for both financial and non-financial transactions in transaction-intensive branches.*
 - (b) *started centralized monitoring of customer complaints and redressal in prescribed TAT. Also, number of complaints related to 10 leading complaint categories is being tracked and monitored for effective resolution.*
 - (c) *adopted prudential policies to ensure the adoption of cash-flow based lending.*
 - (d) *enabled faster processing of MSME and agricultural loans through digitisation and centralization of processing hubs.*

Further, RBI's Master Circular dated 1.7.2015 on Customer Service also provides that banks' systems should be oriented towards providing better customer service and banks should periodically study their systems and their impact on customer service. Banks are required to have a Board-approved policy for general management of the branches, covering inter alia the following aspects:-

- (i) *Providing infrastructure facilities by branches by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities, with specific emphasis on pensioners, senior citizens, disabled persons, etc.*
- (ii) *Reviewing and improving upon the existing security system in branches so as to instill confidence amongst the employees and the public.*

- (iii) Use of Hindi and regional languages in transacting business by banks with customers, including communications to customers.
- (iv) Training of staff in line with customer service orientation. Training in Technical areas of banking to the staff at delivery points.
- (v) Holding customer relation programmes and periodical meetings to interact with different cross sections of customers for identifying action points to upgrade the customer service with customers.
- (vi) Visit by senior officials to branches at periodical intervals for on the spot study of the quality of service rendered by the branches.
- (vii) Providing customers with booklets consisting of all details of service and facilities available at the bank in Hindi, English and the concerned regional languages."

8. In paras 21 and 22 of the Report, the Committee had observed/recommended as follows:-

"Based on the information furnished by the Ministry of Finance (Department of Financial Services)/SBI, PNB and UCO Bank, the Committee note that the State Bank of India (SBI) has been offering various types of Credit Schemes and products under Agriculture, MSME, Corporate and Personal segments, thereby, covering all sections of the Society including the customers of all the North-Eastern States, provided they meet the eligibility criteria. In this connection, the Committee note that in case of SBI, the number of accounts under various types of Credit Schemes and products was 3,50,711 through which amount of Rs.14,635.12 crore was sanctioned during FY 2019-20. During FY 2020-21, through 4,44,589 loan accounts, Rs.19,246.03 crore was sanctioned and during FY 2021-22, through 4,48,054 loan accounts, Rs.24,413.67 crore was sanctioned in the North-Eastern States (Guwahati Circle). In the State of Assam, the number of such loan accounts was 1,99,504 through which amount of Rs.7,876.86 crore was sanctioned during FY 2019-20. During FY 2020-21, through 2,52,356 loan accounts, Rs.10,303.82 crore was sanctioned and during FY 2021-22, through 2,62,220 loan accounts,

Rs.12,806.43 crore was sanctioned. As far as PNB is concerned, the Bank has taken various steps to combat the challenges/losses suffered by the stressed MSMEs in line with the directions of Ministry of MSME, viz., launching various Schemes and Programmes to help MSMEs for becoming globally competitive. PNB has been offering Government led initiatives like GECL, Credit Guarantee Scheme for Subordinate Debt, PM SVA Nidhi, PMMY, PMEGP, Stand Up India and Restructuring of Advances besides, digital initiatives like eRenewal of Working Capital Loans, Loan Management System PNB LenS, Psbloansin59minutes.com, eMudra (Shishu) Scheme. Apart from this, PNB has adopted different clusters, e.g., Bamboo Cluster, Handloom, etc., along with micro, small and medium enterprises involved in manufacturing and service sectors through GBBs, PLPs, MCCs and CBBs. During FY 2019-20, the PNB has provided loans to 24,105 beneficiaries in the North-Eastern Region whereas, in the State of Assam, the number of beneficiaries were 19,056. However, during FY 2020-2021, the number of beneficiaries were 21,002 in the North-Eastern Region and in Assam, it was 15,559 and during FY 2021-22, 14,442 beneficiaries of the North-Eastern Region and 10,971 beneficiaries of Assam were provided loan by the PNB. The Committee further note that the UCO Bank has implemented various Government Sponsored Schemes like PMMY, PMEGP, KCC, NRLM, NULM, PMFME and Stand-Up India, etc., in the North-Eastern States. Besides, UCO Bank has also implemented other Schemes to cater the specific needs of business enterprises such as Agriculture Term Loan for Tea Garden and Cold Storage financing, etc., UCO Trader for financing Trading Activity, UCO Udyog Bandhu for financing Manufacturing and Service Units and UCO Commercial Vehicle for financing Commercial Vehicles.

While acknowledging the efforts of State Bank of India (SBI), Punjab National Bank (PNB) and UCO Bank in offering various Credit-linked Schemes and products in the North Eastern Region, the Committee would like to point out that the geographical, demographical, occupational and cultural factors should also be kept in view while devising the ways and means to create awareness among people about various Government Sponsored Schemes and products. The Management of these PSBs should explore the feasibility for expansion of the Bank Branches/Services to the remotest parts of the North Eastern Region for customers' convenience as part of financial inclusion, since a bank account is the primary requirement that enables access to any banking service or

product and credit. Besides, as the services and products offered by the Banks might not be known to the customers residing in the remote areas, the Banks' Management should put in their consistent efforts to promote Government Schemes through various advertisement vehicles regularly so that the general public are aware about these Schemes. In this sequel, the Committee desire that the Ministry of Finance (Department of Financial Services) should ensure that all the Government Sponsored Schemes and products are offered by the State Bank of India (SBI), Punjab National Bank (PNB) and UCO Bank to the people who are residing at remotest areas of the entire North Eastern Region so that they could be able to achieve the desired results with effective implementation. The Committee would like to be apprised of the renewed strategy to be formulated in this regard within three months of the presentation of this Report to the House."

9. The Ministry of Finance (Department of Financial Services), in their action taken replies, have submitted as follows:-

"All three Banks i.e SBI, PNB and UCO Bank are taking various measures to expand the reach of GSS and products to the people of the North Eastern Region. The steps taken by these banks are as under:-

State Bank of India

- (a) **Ratri/ Sandhya Shivar:** Bank is conducting RatriShivar/ Sandhya Shivar every Thursday whereby branches in the Rural/ Semi Urban areas participate in the camp and Senior Officials from Regional/ Zonal/ Local Head Office also attend such Shivirs to promote and create awareness about Banking products especially Government Sponsored Schemes.
- (b) **Govt. Sponsored Schemes (GSS) Day:** Friday has been declared as GSS Day in the Region. Each branch of the Region conducts the GSS Day in their branch with focus on promoting Govt. Sponsored Schemes and sourcing GSS products such as Pradhan Mantri Employment Generation Programme (PMEGP).

- (c) **Rejection Review Committee:** A committee has been formed at each Regional Office to review the rejected loan application under Government Sponsored Schemes for reconsideration by Sanctioning Authority, if found eligible. This initiative has been taken to ensure that the benefits of GSS reached to all eligible applicants.

Punjab National Bank

- (a) PNB is organizing various camps at all levels like branches, circles and spreading awareness amongst public to avail these credit facilities to improve and upgrade their livings.
- (b) Necessary instructions have been given to Guwahati zonal office to promote and provide financial literacy to the people of North East region regarding GSS by organizing camps, holding meeting and through financial literacy centers thereby, increasing the financing in GSS. The performance of the same is monitored by Head office. Detail of such camps organized by Guwahati Zone covering North east during the last year are as under:-

Sl. No.	District	State	Nature of Camp	No. of Camps	No. of Participants
1	Majuli	Assam	Mega Agriculture Credit Camp	1	68
2	Majuli	Assam	Intensive Awareness Programme	1	50
3	Jorhat	Assam	PM SVANidhi	1	110
4	Dibrugarh	Assam	Govt Sponsored Schemes	1	45
5	Dibrugarh	Assam	Social Security Schemes	2	104
6	Hailakandi	Assam	Govt Sponsored Schemes & Social Security Schemes	6	155
7	Tinsukia	Assam	Financial Literacy Camp	8	106
8	Lakhimpur	Assam	Financial Literacy Camp	31	1632
9	Dhemaji	Assam	Financial Literacy Camp	59	5535
10	Dibrugarh	Assam	Financial Literacy Camp	17	619
11	Sivsagar	Assam	Financial Literacy Camp	70	2828
12	Golaghat	Assam	Financial Literacy Camp	12	450
13	Charaideo	Assam	Financial Literacy Camp	7	214
14	Jorhat	Assam	Financial Literacy Camp	12	329
15	Majuli	Assam	Financial Literacy Camp	14	1044
16	Morigaon	Assam	Financial Literacy Camp	13	353
17	Hojai	Assam	Financial Literacy Camp	13	298
18	Nagaon	Assam	Financial Literacy Camp	17	417

19	Biswanath	Assam	Financial Literacy Camp	8	333
20	Cachar	Assam	Financial Literacy Camp	20	576
21	Hailakandi	Assam	Financial Literacy Camp	15	215
22	Karimganj	Assam	Financial Literacy Camp	11	182
23	Imphal East	Manipur	PMEGP, NRLM, NULM, SSS ETC.	5	515
24	Bishnupur	Manipur	SSS, PMEGP, NRLM ETC.	4	220
25	Tamenglong	Manipur	PMJJBY, PMSBY, APY, PMMY, PMEGP, NRLM ETC.	43	383
26	Ukhrul	Manipur	SSS, MUDRA, PMEGP, NRLM ETC.	16	494
27	Jiribam	Manipur	PMEGP, NRLM, NULM, SSS ETC.	16	560
28	West Tripura	Tripura	MSME Cluster Outreach Programme	1	200
29	West Tripura	Tripura	Workshop on PMFME & NULM Scheme	1	200
30	South Tripura	Tripura	Sensitisation Camp on MSME	1	45
31	All District	Tripura	Nation Wise Intensive Awareness Camp	183	4393
32	West Tripura	Tripura	One Day Workshop on PMFME Scheme	1	100
33	West Tripura	Tripura	Regional Conference on Sustainable Development of MSME	1	300
34	Dhalai	Tripura	Entrepreneurship Awareness Programme.	31	475
35	Gomati	Tripura	Entrepreneurship Awareness Programme	40	400
36	South Tripura	Tripura	Entrepreneurship Awareness Programme	42	425
37	All Districts	All 7 NE States	MSME CAMP	21	872
38	Guwahati	Assam	Business Seminar with The Members of Laghu Udyog Bharati	1	50

UCO Bank

The following efforts have been taken by the Bank to promote GSS schemes:-

- (i) Bank has advised all three Zonal Heads in North-Eastern regions to sensitize Branches about various credit schemes with special focus on PMEGP and expedite sanction/disbursement under these schemes.

- (ii) Bank Branches are organizing the Login Days/credit camps and are also actively participating in the credit camps organised by various Government organizations.
- (iii) To minimize rejection of application at Branch level, a committee has been formed at Zonal Office level to review the rejected applications so that no application should be rejected without valid reasons."

10. In paras 23 and 24 of the Report, the Committee had observed/recommended as follows:-

"Based on the replies furnished by the Ministry of Finance (Department of Financial Services)/SBI, PNB and UCO Bank, the Committee note that the three PSBs, under reference, have been providing loans under various Government Sponsored Schemes such as PMEGP, DAY-NULM, DAY-NRLM, PMMY and Stand Up India in North-Eastern States, in general, and Assam, in particular.

The Committee would, however, like to highlight that the Government Schemes such as PMEGP, DAY-NULM, DAY-NRLM, PMMY and Stand Up India are flagship schemes to facilitate generation of large-scale employment for youth of the country and for the promotion and development of MSMEs which are involved in manufacturing, trading and service activities by improving access to finances. Further, these schemes have been formulated to provide financial assistance to all the regions and sections of society including SC, ST and Weaker Section. As a consequence of the Covid-19 pandemic, there was scarcity of employment in the country and the MSME sector, in particular, was badly hit resulting in number of people losing their livelihood. Moreover, the SC, ST and Weaker Section which are vulnerable segment of the society were marred by the financial distress due to the pandemic. In such a scenario, the Committee are of the considered view that effective implementation of aforesaid flagship schemes can usher the resurgence of MSME sector, particularly in the North-Eastern Region, thereby fulfilling the Government's vision of 'Aatmanirbhar Bharat'. The Committee, therefore, urge the Ministry of Finance (Department of Financial Services) to ensure that all the above Government's flagship schemes are effectively implemented by the State Bank

of India (SBI), Punjab National Bank (PNB) and UCO Bank so as to ensure the optimum utilisation of allocated funds under these schemes in order to create large-scale employment to the workforce of the country.”

11. The Ministry of Finance (Department of Financial Services), in their action taken replies, have submitted as follows:-

“The Department is regularly monitoring the implementation of all the above Government Flagships schemes including PMEGP by SBI, PNB and UCO Bank in the country specifically in the North-Eastern Region. The Banks are taking several steps to promote and implement all products under GSS in North Eastern states.

State Bank of India

SBI is leveraging its Banking Correspondent Network and Operating Support Services subsidiary to increase the sourcing of new applications under the above Flag Ship schemes. SBI has tied up with Dalit Indian Chamber of Commerce and Industry (DICCI) to source and handhold applicants for documents completion in various Government sponsored schemes. The credit growth in these flagship programmes is visible in the data provided as under:-

PRODUCTS	OUTSTANDING AS ON		
	31.03.2022	31.03.2023	30.09.2023
	Amt (Rs in Cr)	Amt (Rs in Cr)	Amt (Rs in Cr)
PMMY	24,856	37,925	40,094
SUI	1,887	3,703	4,163
PMEGP	2,223	3,011	3,481

The position of Government Sponsored Schemes during FY 2022-23 is as under:-

Product	Loan Sanctioned		Loan Sanctioned As on 30.09.2023	
	Number	Amount (Rs. In Cr)	Number	Amount (Rs. In Cr)
PMMY	53,045	983.95	7,52,847	18,973.00
SUI	1,743	419.91	9,767	1,833.08

PMEGP	2,527	120.33	10,191	923.45
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Year wise PMMY Sanctions

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	3,471	69.35	7,349	110.21	8,241	123.98	14,868	212.65
Arunachal Pradesh	247	10.50	460	14.18	2,395	39.51	3,848	59.54
Manipur	703	15.36	3,832	32.84	1,906	27.20	3,030	58.22
Meghalaya	454	13.53	1204	31.91	1121	34.35	1,990	56.98
Mizoram	391	12.73	665	18.28	489	20.31	798	37.19
Nagaland	577	19.60	1548	31.79	2040	43.21	4,389	90.80
Tripura	691	15.76	1504	22.87	1266	28.26	1,656	40.45
Total	6,534	156.84	16,562	262.08	17,458	316.81	30,579	555.83

Year wise SUI Sanctions

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	178	20.16	123	30.30	186	52.38	303	103.53
Arunachal Pradesh	5	0.99	36	8.12	84	11.58	111	18.28
Manipur	16	2.59	4	0.78	24	5.39	67	12.62
Meghalaya	5	0.60	35	13.94	37	12.78	72	19.83
Mizoram	28	5.13	57	12.07	110	23.80	85	22.41
Nagaland	36	6.57	68	14.15	53	15.02	67	18.49
Tripura	13	0.51	172	4.64	114	7.24	57	14.45
Total	281	36.55	495	83.99	608	128.19	762	209.60

Year wise PMEGP Sanctions

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	557	19.28	977	38.74	990	40.72	811	47.28
Arunachal Pradesh	81	4.15	83	5.41	91	5.97	79	8.66
Manipur	416	10.00	450	12.15	450	12.33	375	12.32
Meghalaya	160	5.15	328	13.58	337	14.19	346	20.88
Mizoram	127	5.43	128	5.37	148	7.03	60	4.11
Nagaland	516	16.30	569	15.74	569	15.71	722	23.86
Tripura	132	4.72	118	4.78	126	5.72	134	6.36

Total	1989	65.03	2653	95.78	2711	101.68	2527	123.47
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SBI is also engaging with Government departments to promote Atmanirbhar Bharat Schemes. SBI has signed an MoU with Assam Food and Civil Supplies Corporation Ltd. to sanction Rural Godown, Mini Rice Mill and Paddy Dryer Unit under Agri Infrastructure Scheme.

Punjab National Bank

The details of GSS including PMEGP has been reiterated to Guwahati Zonal office, to promote and provide financial literacy to the people of North East region regarding these schemes specially to SC, ST & Weaker sections by organizing camps, holding meeting and through financial literacy centres thereby, increasing the financing in these schemes and contributing in fulfilling the Government's vision of 'Aatmanirbhar Bharat'. The performance of the same is monitored at Head Office level. Further, Guwahati Zonal office has also been requested to communicate the same in the meetings with State level Bankers committee (SLBC), District level Review Committee (DLRC), Block Level Bankers committee (BLBC). The data presented below illustrates the credit growth within these flagship programs.

PRODUCTS	OUTSTANDING AS ON		
	31.03.2022	31.03.2023	30.09.2023
	Amt (Rs in Cr)	Amt (Rs in Cr)	Amount (Rs. In Cr)
PMMY	23042	25855	27265
SUI	2233	2408	2421
PMEGP	2940	4102	4225

The position of Government Sponsored Schemes during **FY 2022-23** is as under:-

Product	Loan Sanctioned As on 28.07.2023		Loan Sanctioned As on 30.09.2023	
	Number	Amount (Rs. in Cr)	Number	Amount (Rs. in Cr)
PMMY	239949	6805	467256	11104
SUI	50	9.12	70	17
PMEGP	1699	172	4224	555.64

Year wise PMMY Sanctions

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	19418	463.93	19418	463.93	24050	583.81	26502	846.21
Arunachal Pradesh	193	8.82	193	8.82	107	5.98	134	6.97
Manipur	1699	24	1699	24	1507	29.87	1576	50.03
Meghalaya	529	11.65	529	11.65	618	10.76	768	18.22
Mizoram	289	10.71	289	10.71	208	10.06	317	15.86
Nagaland	162	4.43	162	4.43	160	8.1	349	18.59
Tripura	4888	108.75	4888	108.75	5683	139.47	8777	188.11
Total	27178	632.29	27178	632.29	32333	788.05	38423	1143.99

Year wise SUI Sanctions

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	0	0.00	2	0.98	32	12.18	1	0.14
Arunachal Pradesh	1	0.20	0	0.00	1	0.32	0	0.00
Manipur	0	0.00	0	0.00	15	4.38	0	0.00
Meghalaya	0	0.00	0	0.00	15	2.48	0	0.00
Mizoram	0	0.00	0	0.00	6	1.00	0	0.00
Nagaland	9	1.00	0	0.00	3	0.49	0	0.00
Tripura	10	1.20	0	0.00	24	4.08	1	0.13
Total	20	2.40	2	0.98	96	25.00	2	0.27

Year wise PMEGP Sanctions

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	577	27.59	442	25.14	614	41.70	814	60.14
Arunachal Pradesh	3	0.18	0	0.00	9	0.89	14	1.74
Manipur	138	7.12	219	15.53	159	14.00	127	10.07
Meghalaya	7	0.17	1	0.10	4	0.25	12	0.78
Mizoram	10	0.59	10	0.76	13	1.21	18	1.40
Nagaland	38	4.16	35	3.21	55	5.92	40	3.80
Tripura	206	11.99	178	11.27	174	12.65	184	13.03
Total	979	51.80	885	56.00	1028	76.62	1209	90.96

UCO Bank

Bank is taking all necessary steps to promote and implement PMEGP and other schemes in North-Eastern states and committed to fulfilling Government's vision of 'Atmanirbhar Bharat'. The performance of these schemes is being monitored at Head Office level regularly.

Initiatives to increase credit flow in North-Eastern Region:-

- (a) For greater financial deepening in North-eastern regions, the bank is in process of opening 5 more branches for better penetration through physical outlets.
- (b) Bank would further explore to penetrate its presence in the untapped area of the State.
- (c) Deployment of SHG member as Business Correspondents i.e. BC Sakhi with deployment of additional 1500 BCs for the current financial year i.e.2022-23and next financial year 2023-24, for providing better banking facility in North-eastern region.
- (d) Digital Banking facilities are also being provided to improve financial deepening.
- (e) Targeted financial literacy campaigns are being organized in various center for creating awareness about various Government schemes.
- (f) Creating awareness and building capacities of field functionaries and BC Sakhi's on the banking system to provide effective service to the customers of North-eastern region.
- (g) Creating awareness of various Government sponsored schemes through banners, posters.
- (h) Sending SMS alerts to the customers about various banking products of UCO Bank.

- (i) Establishing a sustainable CSP (Customer Service Points) network to offer banking services in un/under banked villages.
- (j) Organizing camps for educating banking services/products and identifying credit requirement of the customers.
- (k) Meeting with Govt. officials for identification of beneficiaries for extending credit facilities for various govt. schemes covered under Atma Nirbhar Bharat.
- (l) Scouting loan proposals through various digital channels, BC points other than walk-in-customer.
- (m) Visit to SRLM officials are done on regular/frequent basis to garner fresh/new cases.

The provided data below demonstrates the expansion of credit within these flagship programs:-

PRODUCTS	OUTSTANDING AS ON		
	31.03.2022	31.03.2023	30.09.2023
	Amt (Rs in Cr)	Amt (Rs in Cr)	Amount (Rs. in Cr)
PMMY	4700	5695	5770
SUI	618.99	752.40	797.64
PMEGP	348.28	449.51	552.48

The position of Government Sponsored Schemes during FY 2023-24 is as under:

Product	Loan Sanctioned As on 28.07.2023		Loan Sanctioned As on 30.09.2023	
	Number	Amount (Rs. in Cr)	Number	Amount (Rs. in Cr)
PMMY	44147	942.01	112166	2193
SUI	222	57.27	323	87.09
PMEGP	716	80.70	1359	156.88

Year wise PMMY Sanctions

(Amt in Crs)

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	704	238.68	15395	158.05	9719	296.67	12383	394.36
Arunachal Pradesh	19	0.42	129	1.33	14	0.31	40	1.25
Manipur	704	9.68	1835	12.37	661	10.74	801	14.33
Meghalaya	202	3.94	333	4.02	146	3.78	190	4.71
Mizoram	172	5.31	442	6.9	63	2.44	93	4.53
Nagaland	396	6.97	546	8.18	190	6.96	363	13.31
Tripura	1258	18.39	3041	35.92	1579	29.03	1985	44.57
Total	3455	283.39	21721	226.77	12372	349.93	15855	477.06

Year wise SUI Sanctions

(Amt in Crs)

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	26	6.24	33	6.99	13	3.77	32	7.8
Arunachal Pradesh	0	0	0	0	0	0	1	0.14
Manipur	6	1.19	0	0	1	0.15	11	2.23
Meghalaya	2	0.34	1	0.3	1	0.15	4	1.03
Mizoram	11	5.18	7	2.6	1	0.12	0	0
Nagaland	9	3.28	8	4.1	4	1.6	14	2.29
Tripura	4	0.8	6	1	3	1.16	6	1.35
Total	58	17.03	55	14.99	23	6.95	68	14.84

Year wise PMEGP Sanctions

(Amt in Crs)

State	2019-20		2020-21		2021-22		2022-23	
	A/c	Amt	A/c	Amt	A/c	Amt	A/c	Amt
Assam	206	3.07	182	2.82	119	1.45	195	13.63
Arunachal Pradesh	0	0	1	0.24	4	0.14	4	0.39
Manipur	8	0.16	18	0.49	6	0.10	50	3.10
Meghalaya	2	0.02	0	0	0	0	2	0.29
Mizoram	22	0.35	15	0.26	2	0.03	3	0.12
Nagaland	15	0.71	18	0.96	25	0.59	90	5.64
Tripura	22	0.42	17	0.35	20	0.23	62	3.08
Total	275	4.73	251	5.12	176	2.54	406	26.25

12. In paras 25 and 26 of the Report, the Committee had observed/recommended as follows:-

"Based on the statistical details provided by the Ministry of Finance (Department of Financial Services)/SBI, PNB and UCO Bank, the Committee note that the three PSBs under reference, viz., SBI, PNB and UCO Bank have

disbursed the loans under the ECLGS Scheme in North-Eastern States. SBI has sanctioned 20,972 accounts (Rs.1,152.26 crore), whereby, disbursement of Rs.810.24 crores had been made through 12,013 accounts, cumulatively from 01.05.2020 to 30.04.2022 in the North-Eastern States. As regards PNB, a total number of 7,660 beneficiaries (6,193 beneficiaries in Assam State) had been sanctioned GECL in the North East Region in the year 2020-21. Similarly, in the year 2021-22, PNB had sanctioned 2,199 beneficiaries (1,719 beneficiaries in Assam State) under GECL Scheme. Further, UCO Bank had extended benefits under ECLGS facility to 13,441 beneficiaries amounting to Rs.139.71 crore (9,928 beneficiaries amounting to Rs.106.28 crore in Assam) to meet their operational liabilities and resume businesses in view of the distress caused by the Covid-19 pandemic.

The Committee are constrained to note the poor ratio of the sanctioned amount and disbursement under the ECLGS Scheme in North-Eastern States, especially at the time when MSME sector was struggling to survive and then revive from the adverse impact of COVID-19 pandemic and remain in operation due to liquidity crunch. The Committee, therefore, recommend the Ministry of Finance (Department of Financial Services) to ensure that the State Bank of India (SBI), Punjab National Bank (PNB) and UCO Bank should optimally utilize the allocated funds through disbursement of loans under the ECLGS Scheme for the development and growth of MSME sector in the North-Eastern States through credit support to existing enterprises and encouraging creation of new ones.”

13. The Ministry of Finance (Department of Financial Services), in their action taken replies, have submitted as follows:-

The comments submitted by the Banks are as under:-

State Bank of India

- (i) The Bank has implemented ECLGS scheme as per GOI guidelines issued from time to time. Scheme details have been updated in Bank's website. Various outreach programmes have been conducted and also sent Bulk SMS to all eligible customers.

(ii) Total loans sanctioned to North Eastern States by SBI under ELCGS as on 31.03.2023 is as under:-

No of accounts	Amt Sanctioned (In Cr.)	Amt Disbursed (In Cr.)
10918	714.72	689.53

Punjab National Bank

All eligible case were sanctioned loans under ECLGS scheme at the earliest and the sanctions were equal to their eligibility.

ECLGS – North East Region:-

(Amt in Crs)

FY	Total Eligible beneficiaries	Eligible Amount	Beneficiaries sanctioned	Amount sanctioned	Total Disbursement	% Disbursement
FY'20-21	7660	333	7660	333	245	73.57%
FY'21-22	2199	133	2199	133	91	68.42%
FY'22-23	60	33.95	60	33.95	30.13	88.74%

ECLGS-Assam

FY	Total Eligible beneficiaries	Eligible Amount	Beneficiaries sanctioned	Amount sanctioned	Total Disbursement	% Disbursement
FY'20-21	6193	282	6193	282	196	69.50%
FY'21-22	1719	113	1719	113	75	66.37%
FY'22-23	58	33.87	58	33.87	30.13	88.95%

UCO Bank

Bank has extended benefits under Emergency Credit Line Guarantee Scheme (ECLGS) facility in North-Eastern States. Bank has made efforts through a campaign to publicize the scheme and sanctioned the facility to all eligible applicants. Performance under ECLGS in North-eastern states as on 31/03/2023 is as under:-

(Amt in Crs)

State	Sanctioned	
	A/c	Amt
ARUNACHAL PRADESH	87	0.75
ASSAM	10,269	117.85
MANIPUR	1,051	3.87

MEGHALAYA	175	1.80
MIZORAM	315	7.52
NAGALAND	457	3.33
TRIPURA	1,565	20.70
Total	13,919	155.82

OBSERVATIONS/RECOMMENDATIONS

Implementation of necessary and appropriate measures with renewed approach to keep the momentum on the reducing trend of NPAs

14. Based on the careful scrutiny of statistical details of NPA levels in respect to the three leading Public Sector Banks, viz., SBI, PNB and UCO Bank operating in the North Eastern Region as furnished by the Ministry of Finance (Department of Financial Services) and the three PSBs during the detailed examination of the representation of Shri Phani Dhar Das, the Committee had acknowledged that the increase in stress is mainly due to slow-down in the economic activities due to Covid-19 disruption and resultant fall in income which affected the repaying capacity of the borrowers. However, due to various policy measures initiated by the Government and Reserve Bank of India and operational efforts by the Management of these PSBs, NPA levels of the Banks were showing improvement in recent times with easing of pandemic levels. Notwithstanding the above, the Committee while cautioning the Management of these PSBs to professionally manage the sanctioning of loans and devise their own unique and innovative monitoring mechanisms to notice early signs of stress on the loans disbursed by them so that corrective measures could be taken at an appropriate time, had highlighted the need for these PSBs, under reference, to reduce the volume of their bad loans/stressed assets while focusing on their resolution, thereby, freeing their balance sheets from negative impact and improve their financial position by putting in place a robust, proactive and effective supervisory mechanisms which would strengthen their overall capital position. The Committee had, therefore, recommended that the

Ministry of Finance (Department of Financial Services), in coordination with the Reserve Bank of India and the Management of these Public Sector Banks, viz., SBI, PNB and UCO Bank, to take all necessary and appropriate measures to keep the momentum on the reducing trend of NPAs which would allow these PSBs to focus on their core operations of providing credit for fresh investments and also improve their business activities with opening up of the economy.

15. The Ministry of Finance (Department of Financial Services), in their action taken replies, have submitted that the comprehensive measures have been taken to reduce and control non-performing assets in public sector banks, on account of which gross NPAs of PSBs have declined to Rs. 4.28 lakh crore (gross NPA ratio of 4.97%) in March 2023 from Rs.8.96 lakh crore (gross NPA ratio of 14.58%) in March 2018. Further, gross NPAs of SBI has declined to Rs 0.91 lakh crore (gross NPA ratio of 2.78%) in March 2023 from Rs 2.23 lakh crore (gross NPA ratio of 10.91%) in March 2018. Similarly, gross NPA of UCO has declined to Rs 0.08 lakh crore (gross NPA ratio of 4.78%) in March 2023 from Rs 0.31 lakh crore (gross NPA ratio of 24.64%) in March 2018 and gross NPA of PNB has declined to Rs 0.77 lakh crore (gross NPA ratio of 8.74%) in March 2023 from Rs 0.87 lakh crore (gross NPA ratio of 18.38%) in March 2018. The Ministry have also enlisted various measures taken to reduce and control NPAs, such as (i) Implementation of Insolvency and Bankruptcy Code (IBC), (ii) Operationalisation of a Pre-packaged Insolvency Resolution Process (PPIRP), (iii) Issuing of Prudential Framework for Resolution of Stressed Assets, (iv) Institution of comprehensive and automated Early Warning Systems, (v) Creation of Stressed Asset Management Verticals, (vi) Maintenance of Central

Repository of Information on Large Credits (CRILC), (vii) Amendment to the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 in the year 2016, and (viii) Action against wilful defaulters.

16. The Ministry of Finance (Department of Financial Services) have further informed that capital position of PSBs has also strengthened significantly with capital to risk-weighted assets ratio (CRAR) improving by 387 basis points, to 15.53% in March 2023 from 11.66% in March 2018. Further, CRAR of SBI, PNB and UCO Bank has improved to 14.68%, 15.50% and 16.51% in March 2023 from 12.60%, 9.20% and 10.94% respectively in March 2018.

17. The Committee are not satisfied to note that in spite of a number of measures taken to reduce and control NPAs, the NPAs position of these PSBs have not improved to the level of satisfaction. Further, Capital to Risk-weighted Assets Ratio (CRAR) has been steadily increased from 11.66% in March, 2018 to 15.53% in March, 2023 and further during the five years from 2018 to 2023, CRAR of SBI, PNB and UCO Bank has improved to 14.68%, 15.50% and 16.51% in March 2023 from 12.60%, 9.20% and 10.94%, respectively in March 2018.

18. The Committee are well aware that the measures like Insolvency and Bankruptcy Code, Pre-packaged Insolvency Resolution Process, Prudential Framework for Resolution of Stressed Assets issued by RBI in 2019, institution of comprehensive and automated Early Warning Systems in PSBs under the PSB Reforms Agenda, creation of Stressed Asset Management Verticals for

stringent recovery by PSBs, Central Repository of Information on Large Credits, amendment made in the year 2016 in the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 to make it more effective, etc., are old and already in place and being implemented by the PSBs. The Committee are, however, constrained to note that despite the recommendation of the Committee to take all necessary and appropriate measures to keep the momentum on the reducing trend of NPAs which would allow these PSBs to focus on their core operations of providing credit for fresh investments and also improve their business activities with opening up of economy, it appears that the Ministry of Finance (Department of Financial Services) and three PSBs, SBI, PNB and UCO Bank, are hesitating in taking a proactive approach in analyzing the concerns raised by the Committee on Petitions and formulating new measures for sustaining the momentum or reducing trend of NPAs upto a desirable level.

19. The Committee, therefore, once again urge that the Ministry of Finance (Department of Financial Services), in coordination with the Reserve Bank of India and the Management of these PSBs, to take all necessary and appropriate measures with renewed approach to keep the momentum on the reducing trend of NPAs which would allow these PSBs to focus on their core operations of providing credit for fresh investments and also improve their business activities with opening up of the economy. The Committee may be apprised of the necessary action taken in this regard.

Ensuring effective implementation of steps/measures, reforms being undertaken by the SBI, PNB and UCO Bank for improving their overall financial position

20. The Committee while suggesting that emphasis should be given by the State Bank of India, Punjab National Bank and UCO Bank on the responsiveness, assurance and empathy while providing services to their customers, besides, ensuring effective and efficient security systems in place for a secured banking operations and to attract increased customers' perception regarding service quality had recommended that the Ministry of Finance (Department of Financial Services), in coordination with the Reserve Bank of India and the Management of the State Bank of India, Punjab National Bank and UCO Bank, to redraw their strategies to work on various measures and reforms for improving their financial position while considering all the above aspects related to customer service and convenience, so that their impact is visible in foreseeable future.

21. Based on the action taken replies furnished by the Ministry of Finance (Department of Financial Services) in response to the above recommendation, the Committee are satisfied to note that in order to overcome the problem of stressed assets in Banking Sector, the Government has implemented a comprehensive 4R's strategy of Recognising NPAs transparently, Resolution and recovery, Recapitalising PSBs, and Reforms in the financial ecosystem. The Committee, in this regard, have been informed that as a result of implementation of Reforms, PSBs' performance have shown substantial improvement over the years, with declining gross NPA ratio and further,

performance of SBI, PNB and UCO Bank has also improved significantly. It has further been informed that a Reform Agenda of PSBs through Enhanced Access & Service Excellence (EASE) reforms initiative, has enabled objective and benchmarked progress on all key areas in PSBs.

22. The Committee while acknowledging various reforms initiative, steps/measures being adopted by the Banks with regard to better customer services and convenience, including implementation of RBI's Master Circular dated 1.7.2015 on Customer Service and general management of the Bank Branches, would like to however, recommend that the Ministry of Finance (Department of Financial Services), in coordination with the Reserve Bank of India and the Management of the State Bank of India, Punjab National Bank and UCO Bank, to ensure that these reforms, steps/measures are implemented effectively by the Banks for improving their financial position further while considering all the above aspects related to customer service and convenience, so that their impact is visible in near future. The Committee may be apprised of the necessary steps/measures taken by the Ministry of Finance (Department of Financial Services) in this regard.

Reviewing and updating of Measures, Plans, etc., for ensuring their effective implementation of Credit-linked Schemes in the NE Region

23. While acknowledging the efforts of State Bank of India, Punjab National Bank and UCO Bank in offering various Credit-linked Schemes and products in the North Eastern Region, the Committee had pointed out that the geographical, demographical, occupational and cultural factors should also be kept in view

while devising the ways and means to create awareness among people about various Government Sponsored Schemes and products. The Committee had further suggested that the Management of these PSBs should explore the feasibility for expansion of the Bank Branches/Services to the remotest parts of the North Eastern Region for customers' convenience as part of financial inclusion, since a bank account is the primary requirement that enables access to any banking service or product and credit. Besides, as the services and products offered by the Banks might not be known to the customers residing in the remote areas, the Banks' Management should put in their consistent efforts to promote Government Schemes through various advertisement vehicles regularly so that the general public are aware about these Schemes. In this sequel, the Committee had recommended that the Ministry of Finance (Department of Financial Services) should ensure that all the Government Sponsored Schemes and products are offered by the State Bank of India, Punjab National Bank and UCO Bank to the people who are residing at remotest areas of the entire North Eastern Region so that they could be able to achieve the desired results with effective implementation.

24. In response to the aforesaid recommendation of the Committee, the Ministry of Finance (Department of Financial Services), in their action taken replies, have informed that all three Banks, i.e., State Bank of India, Punjab National Bank and UCO Bank have been taking various measures to expand the reach of Government Sponsored Schemes and products to the people of the North Eastern Region which are as under:-

State Bank of India

- (i) Conducting RatriShivir/ Sandhya Shivir every Thursday.
- (ii) Friday is the day of Government Sponsored Schemes.
- (iii) Formation of Rejection Review Committee.

Punjab National Bank

- (i) Organizing camps at branches and circles level for spreading awareness amongst public to avail the credit facilities.
- (ii) Necessary instructions to Guwahati Zonal Office for promoting and providing financial literacy.

UCO Bank

- (i) UCO Bank has advised all three Zonal Heads in North-Eastern regions to sensitize Branches about various credit schemes with special focus on PMEGP and expedite sanction/disbursement under these schemes.
- (ii) UCO Bank Branches are organizing the Login Days/credit camps and are also actively participating in the credit camps organised by various Government organizations.
- (iii) A committee has been formed at Zonal Office level to review the rejected applications so that no application should be rejected without valid reasons.

25. The Committee while acknowledging all the above stated measures which are being implemented through various action taken by the State Bank of India, Punjab National Bank and UCO Bank with regard to expand the reach of Government Sponsored Schemes and Products to the people of the North

Eastern Region, would however, like to recommend the Ministry of Finance (Department of Financial Services) to ensure the effective implementation of all such measures in all these Banks, while reviewing and updating their plans, schemes and recommendations of their internal committees formed on a regular basis in order to ensure that all the Government Sponsored Schemes and products are offered by the State Bank of India, Punjab National Bank and UCO Bank to the people who are residing at remotest areas of the entire North Eastern Region so that they could be able to achieve the desired results with effective implementation. The Committee would like to be apprised of the necessary measures/steps taken in this regard.

Monitoring of implementation of Government Sponsored Flagship Schemes in North Eastern Region

26. The Committee, during the course of detailed examination of the representation of Shri Phani Dhar Das, had noted that three PSBs i.e., State Bank of India, Punjab National Bank and UCO Bank, have been providing loans under various Government Sponsored Schemes such as PMEGP, DAY-NULM, DAY-NRLM, PMMY and Stand Up India in North-Eastern States, in general, and Assam, in particular.

27. The Committee had highlighted the importance of these Government Sponsored Schemes which are facilitating generation of large-scale employment for youth of the country and for the promotion and development of MSMEs which are involved in manufacturing, trading and service activities by improving access to finances. Further, these schemes have been formulated to

provide financial assistance to all the regions and sections of society including SC, ST and Weaker Section. As a consequence of the Covid-19 pandemic, there was scarcity of employment in the country and the MSME sector, in particular, was badly hit resulting in number of people losing their livelihood. Moreover, the SC, ST and Weaker Section which are vulnerable segment of the society were marred by the financial distress due to the pandemic.

28. In such a scenario, the Committee while underscoring the effective implementation of aforesaid flagship Schemes which can usher the resurgence of MSME sector, particularly in the North-Eastern Region, thereby fulfilling the Government's vision of '*Aatmanirbhar Bharat*' had recommended the Ministry of Finance (Department of Financial Services) to ensure that all the above Government's flagship schemes are effectively implemented by the State Bank of India, Punjab National Bank and UCO Bank so as to ensure the optimum utilisation of allocated funds under these schemes in order to create large-scale employment to the workforce of the country.

29. From the action taken replies furnished by the Ministry of Finance (Department of Financial Services) to the above recommendation of the Committee, the Committee are satisfied to note that the Department of Financial Services are regularly monitoring the implementation of all the above Government Flagships schemes including PMEGP by SBI, PNB and UCO Bank in the country specifically in the North-Eastern Region. The Public Sector Banks are taking several steps to promote and implement all products under Government Sponsored Schemes in North Eastern States as under:-

State Bank of India is leveraging its Banking Correspondent Network and Operating Support Services subsidiary to increase the sourcing of new applications under the above Flag Ship schemes. SBI has tied up with Dalit Indian Chamber of Commerce and Industry (DICCI) to source and handhold applicants for documents completion in various Government sponsored schemes. SBI is also engaging with Government departments to promote Atmanirbhar Bharat Schemes. SBI has signed an MoU with Assam Food and Civil Supplies Corporation Ltd. to sanction Rural Godown, Mini Rice Mill and Paddy Dryer Unit under Agri Infrastructure Scheme.

Punjab National Bank has reiterated the details of Government Sponsored Schemes to Guwahati Zonal office, to promote and provide financial literacy to the people of North East region regarding these schemes specially to SC, ST & Weaker sections by organizing camps, holding meeting and through financial literacy centres thereby, increasing the financing in these schemes and contributing in fulfilling the Government's vision of 'Aatmanirbhar Bharat'. The performance of the same is monitored at Head Office level. Further, Guwahati Zonal office has also been requested to communicate the same in the meetings with State level Bankers committee (SLBC), District level Review Committee (DLRC), Block Level Bankers committee (BLBC).

UCO Bank is taking all necessary steps to promote and implement PMEGP and other schemes in North-Eastern states and committed to fulfilling Government's vision of 'Atmanirbhar Bharat'. The performance of these schemes is being monitored at Head Office level regularly. For greater financial deepening in North-eastern regions, the bank is in process of opening 5 more branches for better penetration through physical outlets. Bank would further explore to penetrate its presence in the untapped area of the State. Deployment of SHG member as Business Correspondents i.e., BC Sakhi with deployment of additional 1500 BCs for providing better banking facility in North-eastern region. Digital Banking facilities are also being provided to improve financial deepening. Targeted financial literacy campaigns are being organized in various center for creating awareness about various Government schemes.

Creating awareness and building capacities of field functionaries and BC Sakhi's on the banking system to provide effective service to the customers of North-eastern region. Creating awareness of various Government sponsored schemes through banners, posters. Sending SMS alerts to the customers about various banking products of UCO Bank. Establishing a sustainable CSP (Customer Service Points) network to offer banking services in un/under banked villages. Organizing camps for educating banking services/products and identifying credit requirement of the customers. Meeting with the Government officials for identification of beneficiaries for extending credit facilities for various government schemes covered under Atma Nirbhar Bharat. Scouting loan proposals through various digital channels, BC points other than walk-in-customer. Visit to SRLM officials are done on regular/frequent basis to garner fresh/new cases.

30. The Committee acknowledge that as a result of implementation of Government Flagships Schemes such as PMEGP, DAY-NULM, DAY-NRLM, PMMY and Stand Up India in North-Eastern States including PMEGP by SBI, PNB and UCO Bank in the country specifically in the North-Eastern Region have shown substantial improvement in the credit growth in these flagship programmes. The Committee would, however, like to recommend the Ministry of Finance (Department of Financial Services) to ensure that providing loans under various Government Sponsored Schemes such as PMEGP, DAY-NULM, DAY-NRLM, PMMY and Stand Up India in North-Eastern States, in general, and Assam, in particular be monitored regularly to ensure that all the above Government's flagship schemes are effectively implemented by the State Bank of India, Punjab National Bank and UCO Bank so as to ensure the optimum utilisation of allocated funds under these schemes in order to create large-scale employment to the workforce of the country. The Committee may be apprised

of the necessary steps taken by the Ministry of Finance (Department of Financial Services) in this regard.

Optimum utilization of allocated funds under ECLGS Scheme in the North Eastern States

31. The Committee, during the course of examination of the representation of Shri Phani Dhar Das, had noted that three PSBs i.e., State Bank of India, Punjab National Bank and UCO Bank, had disbursed loans under the ECLGS Scheme in North-Eastern States to meet their operational liabilities and resume businesses in view of the distress caused by the Covid-19 pandemic. The Committee were however, constrained to note the poor ratio of the sanctioned amount and disbursement under the ECLGS Scheme in North-Eastern States, especially at the time when MSME sector was struggling to survive and then revive from the adverse impact of COVID-19 pandemic and remain in operation due to liquidity crunch. The Committee had, therefore, recommended the Ministry of Finance (Department of Financial Services) to ensure that the State Bank of India, Punjab National Bank and UCO Bank should optimally utilize the allocated funds through disbursement of loans under the ECLGS Scheme for the development and growth of MSME sector in the North-Eastern States through credit support to existing enterprises and encouraging creation of new ones.

32. Based on the replies furnished the Ministry of Finance (Department of Financial Services) in response to the above recommendation of the Committee, the Committee note that State Bank of India has implemented

ECLGS scheme as per Government guidelines issued from time to time and the Scheme details have been updated in Bank's website. Various outreach programmes have conducted and also sent Bulk SMS to all eligible customers. Further, as on 31.3.2023, in North Eastern States, SBI has sanctioned loans of Rs.714.72 crores to 10918 accounts and Rs.689.53 crores has been disbursed. During the financial year 2022-23, Punjab National Bank has sanctioned loans under ECLGS of Rs.33.95 crore to 60 eligible beneficiaries and Rs.30.13 crore has been disbursed. UCO Bank has extended benefits under ECLGS facility in North-Eastern States. Bank has made efforts through a campaign to publicize the scheme and sanctioned the facility to all eligible applicants. As on 31.3.2023, under ECLGS in North Eastern States, UCO Bank has sanctioned loans of Rs.155.82 crores to 13919 accounts.

33. The Committee note with appreciation that various efforts are being made by the State Bank of India, Punjab National Bank and UCO Bank for sanctioning and disbursing loans under the ECLGS Scheme in North-Eastern States. The Committee, however, would like to once again recommend the Ministry of Finance (Department of Financial Services) to ensure that the State Bank of India, Punjab National Bank and UCO Bank should optimally utilize the allocated funds through disbursement of loans under the ECLGS Scheme for the development and growth of MSME sector in the North-Eastern States through credit support to existing enterprises and encouraging creation of new ones.

NEW DELHI;

02 February, 2024

13 Magha, 1945 (Saka)

HARISH DWIVEDI,
Chairperson,
Committee on Petitions.

**MINUTES OF THE THIRTY-FIRST SITTING OF THE COMMITTEE ON PETITIONS
(SEVENTEENTH LOK SABHA)**

The Committee met on Friday, 2 February, 2024 from 1500 hrs. to 1630 hrs. in Room No.117, 'B' Block, (Chairperson's Chamber), Parliament House Annexe Extension, New Delhi.

PRESENT

Shri Harish Dwivedi - Chairperson

MEMBERS

2. Prof. Sanjay Sadashivrao Mandlik
3. Shri P. Rabindhranath
4. Shri Brijendra Singh
5. Shri Sushil Kumar Singh
6. Shri Prabhubhai Nagarbhai Vasava
7. Shri Rajan Vichare

SECRETARIAT

1. Shri Raju Srivastava - Joint Secretary
2. Shri Tenzin Gyaltsen - Deputy Secretary

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee, thereafter, took up for consideration the following Draft Reports :-

(i) XXXX XXXX XXXX XXXX

(ii) XXXX XXXX XXXX XXXX

(iii) XXXX XXXX XXXX XXXX

(iv) Action Taken by the Government on the recommendations made by the Committee on Petitions (Seventeenth Lok Sabha) in their Thirty-Seventh Report on the representation of Shri Phani Dhar Das regarding customers' perception and effectiveness of Credit Schemes of State Bank of India, Punjab National Bank

and UCO Bank, especially in Guwahati and other important issues related therewith; and

(v) XXXX XXXX XXXX XXXX

4. After discussing the above mentioned Draft Reports (3 Original Report and 2 Action Taken Report) in detail, the Committee adopted all the five Reports without any modification. The Committee also authorised the Chairperson to finalise the Draft Reports and present the same to the House.

5. XXXX XXXX XXXX XXXX

The Committee, then, adjourned.

XXXX Not related to Report.