Urgent

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

***

No. 32775 /F,
FIN-PUIF-FININC-0001-2019

Date. 30 · 11 · 2023

From

Vishal Kumar Dev, IAS,
Principal Secretary to Government

To

The Additional Chief Secretaries/
Principal Secretaries/
Commissioner-cum-Secretaries/
Secretaries to Government,
All Departments

Sub: **Selection of Banks for handling business and deposits of State Public Sector Undertakings (SPSUs) and State Level Autonomous Societies (SLASs) for the Year 2023-24**

Madam/Sir,

I am directed to say that the parameters as suggested by the Committee notified for fixation of modalities & parameters for empanelment of Banks to handle business and deposits of State Public Sector Undertakings (SPSUs) and State Level Autonomous Societies (SLASs) have been adopted for the year 2023-24.

2. Based on the performance of Banks as on 31.03.2023 for the F.Y. 2022-23 and as per information received from SLBC, Odisha, the score card of the banks has been prepared. **Percentage of achievement against ACP Target in Agriculture Advance, in Agriculture Allied Advance, in MSME Advance, in SHG Linkage (Financial) excluding JLG & Pool Financing, SHG Average loan size, CD Ratio, CRAR, Percentage of Rural Branches, Number of BC / CSP per Branch, Number of WSHG members engaged as BC and No. of New Brick & Mortar Branches opened in Unbanked GPs during 2022-23 have been considered for preparation of the score card.**

3. Based on the No. of Branches in the State, the banks are divided into 3 categories.

A. **Category I - Minimum 100 Branches**

For banks with 100 or more branches, a composite score of minimum 55 is required for their empanelment.

B. **Category II – 50 to 99 branches**

For banks with 50 to 99 branches, a composite score of minimum 65 is required for their empanelment.

C. **Category III – 30 to 49 Branches**

In order to encourage the banks having less than 50 branches to expand their branches and credit flow, the Committee unanimously decided to empanel eligible banks under this category. Banks empaneled under this category will have minimum 30 no. of branches and they will expand their number of branches to 50 during next 2 years.

The criteria for selection of banks under this category are as follows:

i. Compounded Annual Growth Rate (CAGR) of achievement under total priority sector lending during last 3 consecutive years in the State is minimum 60%.

ii. CD Ratio of the Bank must be above the Average CD ratio of the State.

iii. Banks must open minimum **(50-B)/2** no. of branches in each consecutive year for two years so that, the total number of B&M branch of the Bank would be minimum 50 by the end of 2 years.

iv. Bank once empaneled fails to open prescribed B&M branches or achieve other parameters will not be considered for empanelment under this category in future.

v. Banks empaneled under this category are eligible to handle business and deposits of State PSUs and State level autonomous societies maximum to the tune of Rs. 500 crores taking all SPSUs and SLASs together.

4. **Banks selected under Category-I:**

i. The Public Sector Banks which have scored more than 55 marks as per the score card and have more than 100 branches in the State are Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Indian Bank, Indian Overseas Bank, Punjab National Bank, State Bank of India, UCO Bank and Union Bank of India. The committee suggested for empanelment of the above **10 PSU banks** for FY 2023-24.

ii. The committee recommended for empanelment of **4 private sector banks** under this category for FY 2023-24 i.e., Axis Bank, Bandhan Bank, HDFC Bank and ICICI Bank.

iii. The committee recommended for empanelment of **2 RRBs** i.e., Odisha Gramya Bank and Utkal Grameen Bank as they have more than 100 bank branches and have secured composite score above 55 as per the score card.

iv. Similarly, the **Odisha State Co-operative Bank** being the State-owned bank substantially contributes to Agricultural advances. The Committee also recommended State Cooperative Banks to be empaneled for the financial year 2023-24. The Bank has also scored more than the required composite score of 55 marks for empanelment.

5. **Banks selected under Category-II:**

i. The committee recommended for empanelment of **2 private sector banks** under this category for FY 2023-24 i.e. DCB Bank and IDBI Bank. The committee also recommended for empanelment of **1 Small Finance Bank** i.e. Jana Small Finance Bank under this category which have minimum composite score of 65 and number of branches 50-99.

6. **Banks selected under Category-III:**

i. The committee recommended 2 **Banks** i.e. Bank of Maharashtra and IDFC First Bank for empanelment under this category for FY 2023-24. Bank of Maharashtra must open 6 no. of B&M branches and IDFC First Bank must open 10 no. of B&M branches by 31.03.2024.

7. Based on the scorecard and criteria, following banks have been selected for handling Business & Deposits for FY 2023-24:

CATEGORY-I: Banks with composite score 55 and above and Branches 100 and above	
A. Public Sector Banks	
Sl. No.	**Name of the Banks**
1	Bank of Baroda
2	Bank of India
3	Canara Bank
4	Central Bank of India
5	Indian Bank
6	Indian Overseas Bank
7	Punjab National Bank
8	State Bank of India
9	UCO Bank
10	Union Bank of India
B. Private Sector Banks	
11	Axis Bank
12	Bandhan Bank
13	HDFC Bank
14	ICICI Bank
C. RRBs and Co-Operative Banks	
15	Odisha Gramya Bank
16	Utkal Grameen Bank
17	Orissa State Co-Op. Bank

CATEGORY-II: Banks with composite score 65 and above and Branches 50-99	
18	DCB Bank
19	IDBI Bank
20	Jana Small Finance Bank
CATEGORY-III: Category III Banks with Branches: 30 to 49	
21	Bank of Maharashtra
22	IDFC First Bank

8. It is suggested that although a Bank whether Public / Private / Small Finance is not empaneled, if it opens a Brick & Mortar Bank in an unbanked GP, it may be eligible to handle the GP funds of that particular GP and GP will provide rent free accommodation for opening of the bank branch for 5 years as per Government guidelines.

9. Similarly, if any bank whether Public / Private / Small Finance opens an ATM in any unbanked GP then the nearest bank branch may be eligible to handle funds of that particular GP even if the bank is not empaneled. The GP will also provide rent free space for the ATM.

10. In order to curb unhealthy competition among banks in frequent shifting of deposits from one bank to another, approval of Collector of the district may be taken up to Rs. 10 Crore and for more than Rs. 10 Crore, approval of concerned Administrative Department will be mandatory for such shifting with proper justification.

11. Similarly, in State Level PSUs / Autonomous Societies, approval of Governing Body / Board of Directors and concurrence of the concerned Administrative Department may be required for moving of deposits from one bank to another with justification respectively.

12. Instruction issued vide Finance Department letter No. 23583/F, Dt. 10.07.2019 and letter No. 32215/ F, Dt. 21.11.2014 wherein it has been stipulated that money should not be drawn from treasury by DDOs unless it is required for immediate disbursement. Unauthorized parking of money in any bank account is a contravention of financial rules and instructions issued by Finance Department, and should be strictly avoided.

13. Empanelment of the above 22 banks in FY 2023-24 shall be meant for handling business and deposit of State PSUs and State Level Autonomous Societies only. This empanelment of banks will not be applicable to deposits of State Schemes and Central Schemes as well as Grant-in-aid received by Government Departments. This will be applicable for fresh deposits by the State PSUs and State Level Autonomous Societies during 2023-24. The deposits held in any bank empaneled during 2022-23 but not empaneled during 2023-24 may not be withdrawn suddenly. The same may be utilized at the earliest.

14. Even though a bank is empaneled, it cannot handle the business and deposits of SPSUs and SLASs unless the same is integrated and is live with SBMS (Scheme wise Bank account Management System). The Banks which were not empaneled for the FY 2022-23 but are newly empaneled for the FY 2023-24, must be integrated with SBMS within 4 months of its empanelment. All State PSUs and SLASs need to on-board all the Business / Deposit Bank Accounts on SBMS Platform.

15. Empaneled Banks need to share the balance available in all the deposit accounts and business accounts (account no. wise) of all PSUs / SLASs / Government at the end of each quarter with Finance Department.

16. As State Government owns 15% of the share of the Regional Rural Banks (OGB & UGB), all State PSUs and SLASs may give priority to these Banks for placing of deposits (minimum 10%) and handling businesses.

17. Administrative Departments are requested to advise the PSUs / ULBs / Development Authorities / Autonomous Societies and other Statutory Bodies under their administrative control to select their bankers from the above list of eligible banks. They may consider the sector-specific performance of the bank while selecting them for handling business and deposits.

18. The minimum eligibility score and minimum eligibility numbers of Branches will be reviewed after the end of the current financial year. In the next financial year, the minimum eligibility score may be raised to 60 and 70 under Category-I and Category-II respectively. The performance of Banks in social security schemes like PMJJBY, PMSBY, APY shall be taken into account for empanelment of banks from the next Financial Year.

19. The State Government reserves the right to remove any bank from the panel at any time in the following circumstances:

a. In case the statistics submitted by the bank is found to be incorrect.
b. If the bank fails to submit any report, statement or satisfactory reply to any query within such time period as set by the State Government, RBI, NABARD and SLBC, Odisha
c. In case of proven evidence of poor customer service.
d. In case any empaneled bank adopts unethical practices for withdrawal of deposits from another bank and deposit the same in its account.
e. In case the financial health of the bank is found to be poor / deteriorating.

Yours faithfully,

Principal Secretary to Government

Memo No. 32776 Date. 30.11.2023

Copy forwarded to the Private Secretary to Additional Secretary to Hon'ble Chief Minister, Odisha / P.S to Hon'ble Minister, Finance for kind information.

Psahu 30.11.2023

Director, Institutional Finance

Memo No. 32777 Date. 30.11.2023

Copy forwarded to OSD to the Chief Secretary/Principal P.S to DC-cum-ACS for kind information of the Chief Secretary and DC-cum-ACS.

Psahu 30.11.2023

Director, Institutional Finance

Memo No. 32778 Date. 30.11.2023

Copy forwarded to the P.S to Secretary to Government of India, Department of Financial Services, Ministry of Finance, New Delhi for kind information of Secretary to Government of India, Department of Financial Services.

Psahu 30.11.2023

Director, Institutional Finance

Memo No. 32779 Date. 30.11.2023

Copy forwarded to the Principal Secretary to Government, Public Enterprises Department for favour of information and necessary action.

Psahu 30.11.2023

Director, Institutional Finance

Memo No. 32780 Date. 30.11.2023

Copy forwarded to the Regional Director, Reserve Bank of India, Bhubaneswar/ CGM, NABARD, Bhubaneswar/ G.M, UCO Bank-cum-Convener, State Level Bankers' Committee, Odisha for kind information and necessary action.

Psahu 30.11.2023

Director, Institutional Finance

Memo No. 32781 Date. 30.11.2023

Copy forwarded to all Officers of Finance Department/All Branches of Finance Department/ Sub-Nodal Officer (E-Gazette), Finance Information Division, Finance Department for hosting in the Finance Department website (https://finance.odisha.gov.in). These instructions may be uploaded in the website of Finance Department and posted in the Social Media by the Social Media Cell (fd.odisha@gmail.com) for wider circulation.

Psahu 30.11.2023

Director, Institutional Finance

Memo No. 32782 Date. 30.11.2023

Copy forwarded to all Collectors & District Magistrates/PD, DRDAs for kind information & necessary action.

Psahu 30.11.2023

Director, Institutional Finance

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Sri T.K. Pattanaik, Sub-Nodal Officer, FID

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