

To,
Shri A.K. Singh
Chief General Manager
State Bank of India
Head Office, Lucknow.

Subject: IIA-SBI interaction and joint activities

Dear Sir,

We request you to kindly refer to the correspondence exchanged between Shri Mukesh Tandon, Vice Chairman, Finance and Banking Working Group of IIA & your good self subsequent to your visit along with your colleagues to our office at Gomti Nagar on 21st April 2011. In continuation, we would like to state as under:

(A) We thank you for agreeing in principle to the following proposals put forward by President IIA in the meeting:

1. Tie-up for providing loan facility to MSMEs wherein proposals may be submitted through IIA. IIA may evaluate the proposals and SBI may process such proposals on priority.
2. Setting up of E-Data centre for MSME jointly by IIA and SBI.
3. Conducting awareness programme related to finance/Credit availability to MSME and to carry out joint studies and surveys for promotion and development of MSME in Uttar Pradesh.
4. To appoint SBI's Coordinating Officer(s) who would interact with IIA periodically, at least once in a quarter.

We request you to kindly formalize the above tie ups and let us know the name(s) of the Senior coordinating Officers of your Bank for each activity.

(B) We are giving below some of the major additional points which merit your kind attention & redressal.

1. D.P. Getting Zero: There have been a number of cases where SBI borrowers of very good track record have found some of the cheques issued by them got bounced. The reason advanced is the inventory statement not updated in the branch's system. The reason for the delay could be because of either of the sides- the borrower or at the branch level. The over reliance on technology in authorizing the computer system to make the DP zero is causing a loss of reputation to the borrower and disputing his credit worthiness, which may not be on account of any fault on the part of the borrower. In other banks however, for delay in submission of monthly statement etc. penal actions are resorted to like higher interest rate, that too after a reminder/ warning and in no case the DP automatically becomes zero and the issued cheques get bounced.

2. Credit Rating: It is suggested that the credit rating system be made more transparent and shared with the borrowers as many borrowers are cost conscious and may strive to meet the targets/parameters to achieve a higher rating which is to the advantage of SBI also.
3. At Sultanpur:
 - (a) the currency chest is required.
 - (b) Clearing House facility not available.
 - (c) Both the SBI branches at Jagdishpur viz. The Town Branch & the other near the Indo Gulf are reluctant to lend to the MSMEs, as well as under the Govt sponsored schemes like the Collateral Free loans and the PMEGP etc. Both the branches be suitably advised.
4. The branches be advised to analyze the Collateral free loan proposals of the MSMEs with a positive & an open mind, as is the intent of the govt. also.
5. Deposit of Service Tax Presently only the Govt. Business Branch is accepting Because of the increasing coverage net of the Service Tax, more branches of SBI at different locations are required to accept the deposit of the Service Tax.

Submitted for kind consideration and response as deemed fit.

Thank you,

Yours Truly,



Vipin Gupta
Vice Chairman
Finance and Banking Working Group